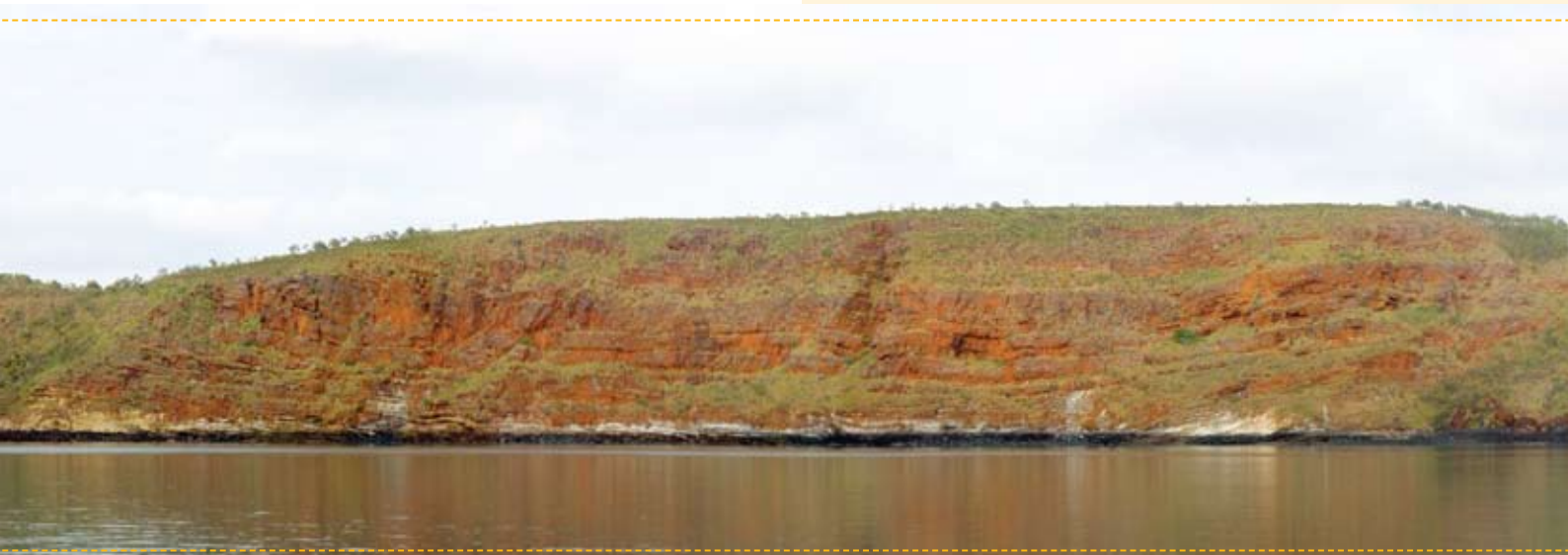




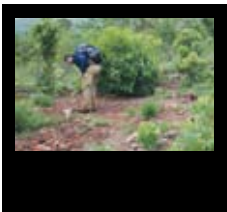
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Front cover photo through to page 2 :
Panoramic view of the coastline of Irvine Island



Front cover photo:
View of a recent drilling site. Due to the use of the Company's environmentally friendly patented Universal Drilling Platform, it is almost impossible to detect drilling occurred.



GOLDEN GECKO
Awards for Environmental Excellence
2010 AWARD RECIPIENT

Pluton was awarded the prestigious 2010 Golden Gecko for environmental excellence for the Irvine Island exploration program.

Directors

Malcolm Macpherson
Raymond John Schoer
Russell George Williams
Anthony James Schoer

Company Secretary

Andrew Metcalfe

Notice of Annual General Meeting

The annual general meeting of Pluton Resources Limited:

Will be held at Westin Hotel
205 Collins Street
Melbourne Victoria

Time 11:00 AM
Date Thursday 25th November 2010

Registered Office

Fourth Floor
468 St Kilda Road
Melbourne VIC 3004



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Share Register

Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000
Investor Phone number: (Aus) 1300 737 760
Investor Phone number: (Overseas) +61 (0) 2 9290 9600

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000

Lawyers

Clarendon Lawyers
Rialto Tower, South
525 Collins Street
Melbourne VIC 3000

Stock Exchange Listing

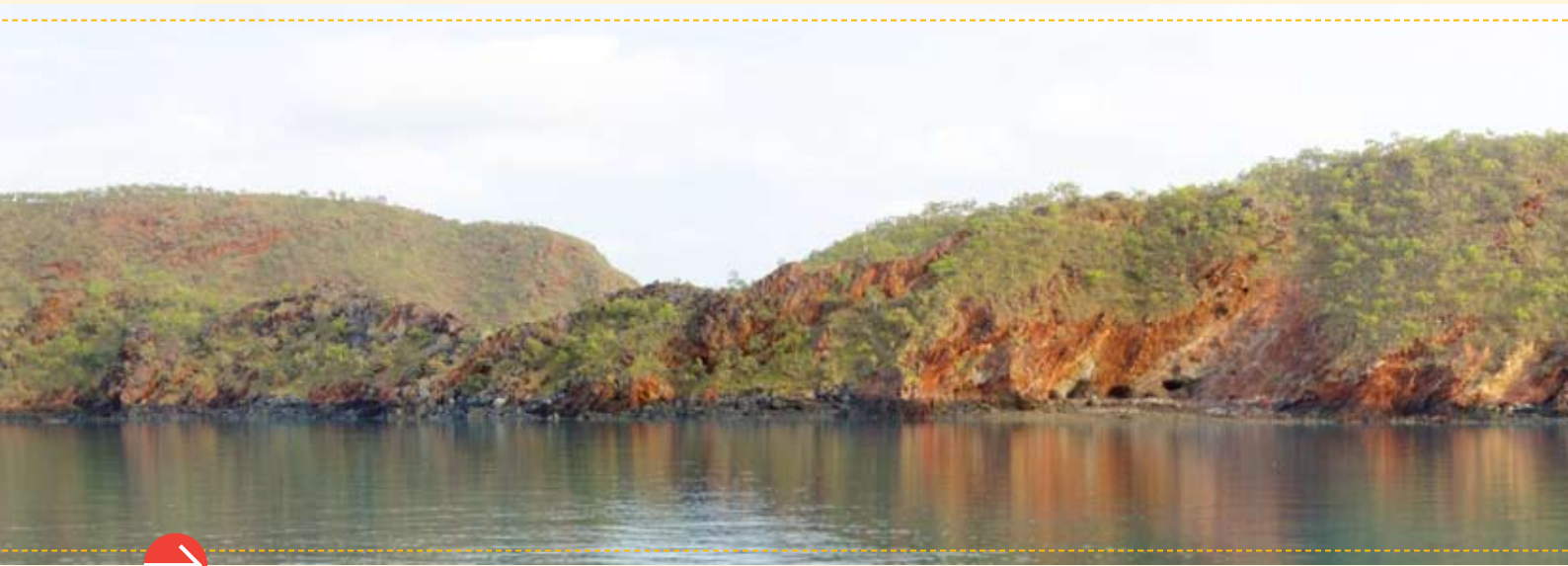
Pluton Resources Limited shares are listed on the
Australian Securities Exchange (ASX code: PLV)

Website Address

www.plutonresources.com

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The financial year ended 30th June, 2010 has been another very successful year for our company.

The focus for 2010 was to prove up tonnage on the Irvine Island iron ore project and commence environmental and other studies that are necessary before any decision is made on mining.

The increase in tonnage has been particularly pleasing. Already we have defined a long-life Inferred Resource that is predicated on the production of a high quality iron concentrate for export markets.

Environmental studies undertaken so far have concluded that there are no potential "show stoppers" for the development of the project. More evaluation will be undertaken over the next few months.

Scoping studies completed this year have given us confidence that Irvine Island has the potential to be a long-life project creating significant value for all stakeholders.

In August the Western Australian Minister for Mines and Petroleum, Norman Moore, presented the company with the 2010 Golden Gecko award for environmental excellence.

This prestigious award, adds to our reputation of being a socially and environmentally aware resource company.

The 2011 financial year promises to be an exciting year for our company. We will continue to upgrade the resource on Irvine Island, and commence converting the Inferred Resource to Indicated and Measured status under the JORC Code.

Additionally we plan to complete the Pre-Feasibility Study for the project that will give us a true indication of its value.

The Board is pleased with the progress made throughout the past year, and thanks management and all employees for their hard work and dedication.

I would also like to thank the Mayala People, the native title claimant group for Irvine Island, for their continued strong support of the project.

We look forward to continuing to build significant value for all stakeholders in the Irvine Island project.

Malcolm Macpherson - Chairman

Overview

Pluton Resources Limited (“Pluton” or the “Company”) has continued to make significant progress on its Irvine Island iron ore project during the twelve months to June 2010.

The Company successfully raised \$23m in October 2009, during difficult economic conditions, to continue exploration on Irvine Island and to purchase the additional 50% of the project from its joint venture partner Cliffs Natural Resources.

Extensive drilling has increased the JORC compliant Inferred Resource to 452Mt. After beneficiation this is expected to produce up to 150Mt of concentrate grading greater than 66% Fe with low impurities (refer to Tables 1 and 2).

Drilling continues on both Hardstaff Peninsula and at the Isthmus. The Company is targeting between 15Mt – 30Mt of high grade iron from the Isthmus that may be suitable for direct shipping.

The Company’s relationship with the Mayala People, the Native Title Claimant Group for Irvine Island, has remained strong.

Pluton is currently in negotiations with the Mayala for a fair compensation package to allow mining to commence on Irvine.

The Company’s low-impact environmental approach to exploration on Irvine Island has been formally recognised by the mining industry in Western Australia, with the project being awarded the prestigious Golden Gecko for environmental excellence.

The Company engaged AMC Consultants to conduct a scoping study on the Irvine project. Results indicate that Irvine has the potential to be a low-cost, long-life, iron ore project producing high grade concentrate for the Asian market. Capital costs are expected to be relatively low



Mayala employees constructing the UDP on Hardstaff peninsula prior to drilling.

compared to our peers as no rail transportation is required on the island and no expensive port infrastructure due to deep water access directly off the island.

Pluton has engaged Calibre Engineering to complete a Pre-Feasibility Study for Irvine Island. The study is expected to be completed by the end of March 2011. Dependant on the results it is the Company’s intention to move into a Definitive Feasibility Study expected to be completed by the end of calendar year 2011.

The granting of environmental and other mining approvals is anticipated by the middle of 2012, with development of the project to commence shortly thereafter.

Drilling results for the Cethana licence in Tasmania have been below expectation. A technical review of the Tasmanian tenements will begin this calendar year with a recommendation being made to the Pluton Board on the future of the tenements.



Drilling operations on Hardstaff Peninsula, Irvine Island.

Review of Projects

Irvine Island – Western Australia (Pluton 100%)

Irvine Island is located within the Yampi Iron Ore Hub comprising Koolan Island, Cockatoo Island and Irvine Island, in the Kimberley region of Western Australia.

During the financial year Pluton completed the purchase of the remaining 50% of the project that it did not own from joint venture partner Cliffs Natural Resources.

The final purchase price was \$5m cash, 19.462m Pluton ordinary shares and a 1% FOB royalty on all future iron ore sales.

Pluton recommenced drilling on Irvine Island on the 3rd December 2009, after establishing a low-impact base camp on the island. Unlike the 2008 drilling campaign, where employees were based on nearby Cockatoo Island, the current drilling program can continue through the tropical wet season.

Drilling during the year was highly successful in increasing our JORC compliant Inferred Resource to 452Mt which, based on extensive beneficiation testing undertaken by the CSIRO, would produce a concentrate of up to 150Mt at +66% Fe, with low impurities.

While the head grade of the Inferred Resource is low, the ore beneficiates very easily using standard beneficiation methods. This is primarily due to the coarse nature of both the iron and silica particles. This means that the iron liberates from the silica without the need for fine grinding which would have added to the capital and operating cost to produce a marketable concentrate.

The current resource is higher than our original estimates and mineralisation remains open both to the north and west of Hardstaff Peninsula. Pluton expects to announce a further resource update for Hardstaff Peninsula during the current phase of drilling around the middle of December 2010.

Whilst continuing to drill and increase the resource through 2011, the Company will commence in-fill drilling to convert the resource from the inferred category to the measured category for the Definitive Feasibility Study that is expected to commence in mid-2011.

Drilling has also commenced on the Isthmus in the north of the island. We are targeting between 15Mt and 30Mt of ore with grades that may be suitable for direct shipping.

Samples of core weighing 1.5 tonnes have been sent to Calibre Engineering in Perth for metallurgical testing to select the optimum beneficiation processes for large scale production of ore concentrate on Irvine Island.

The current Inferred Resource is as follows:

Table 1: Yampi Member Inferred Mineral Resource, Hardstaff Peninsula, Irvine Island, Western Australia (E04/1172)

Classification	Tonnage (M)	CoG Fe (%)	Fe (%)	SiO2 (%)	Al2O3 (%)	S (%)	P (%)
Inferred >40% iron (Lens 1)	4	40	46	31.1	1.21	0.17	0.03
Inferred >50% iron (Lens 2)	58	50	52	23.8	0.45	0.09	0.02
Inferred >30% and <50% iron (Lens 2)	41	30	35	44.6	1.61	0.23	0.02
Total Inferred	103		45	32.3	0.94	0.15	0.02

Table 2: Wonganin Sandstone Inferred Mineral Resource, Hardstaff Peninsula, Irvine Island, Western Australia (E04/1172)

Classification	Tonnage (M)	CoG Fe (%)	Fe (%)	SiO2 (%)	Al2O3 (%)	S (%)	P (%)
Inferred	349	-	21	60.3	4.11	0.10	0.03
Total Inferred	349	-	21	60.3	4.11	0.10	0.03

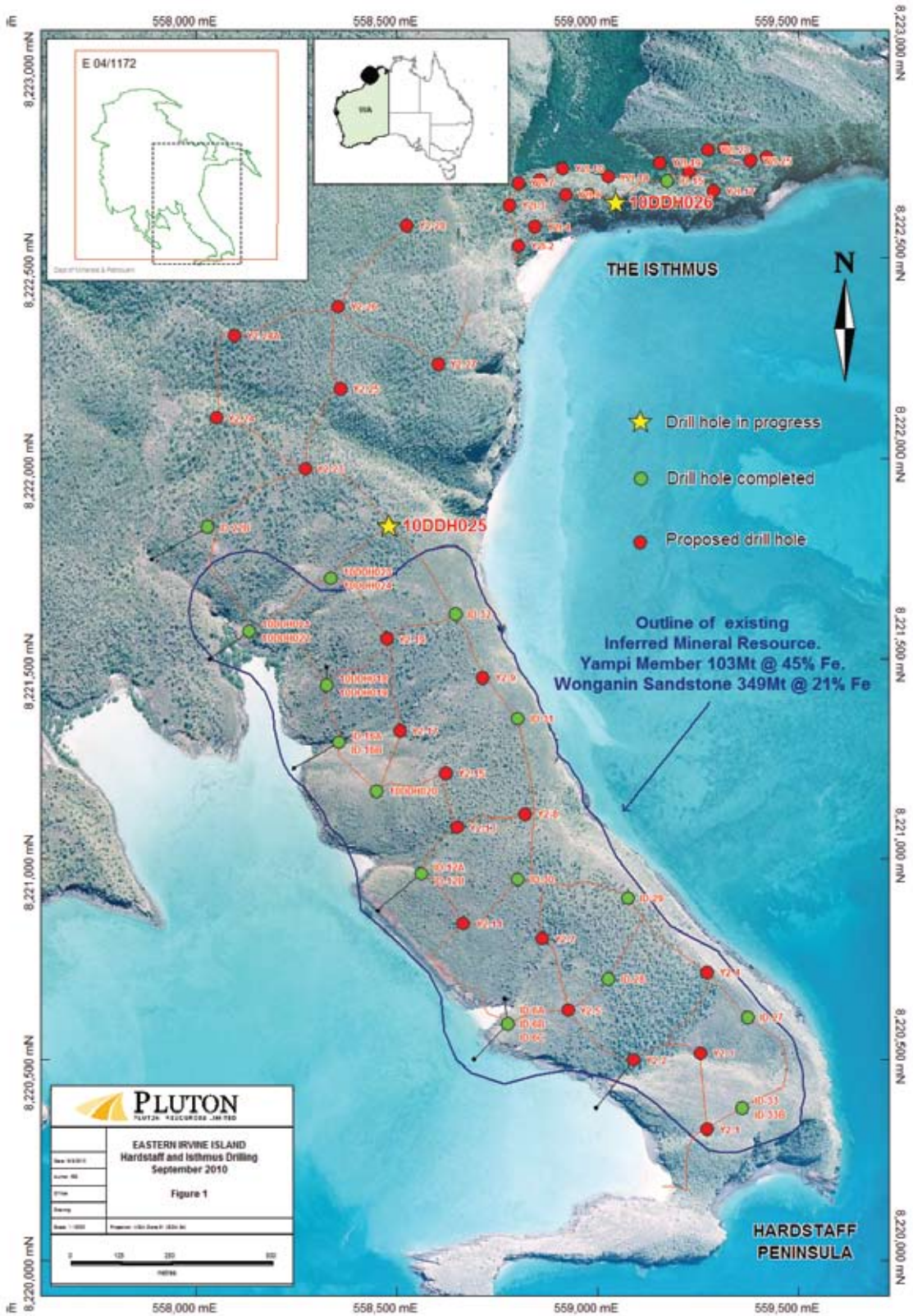
Notes

1 The Mineral Resource is reported in accordance with the JORC Code¹

2 All resources have been rounded to the nearest 1 million tonnes

3 CoG is defined as cut-off grade

4 No cut-off grade has been applied to the Wonganin Sandstone Inferred Mineral Resource estimation



Map showing outline of the current Inferred Resource and completed and proposed drill sites. Many of the sites have multiple holes drilled.



Mayala employees on a heritage survey to approve sites for drilling.

The Company has also engaged Calibre Engineering to complete a Pre-feasibility Study for the project. The study is expected to be completed by the end of March 2011.

During the year the Company formally commenced negotiations with the Native Title Claimant Group, the Mayala People, for a mining compensation agreement. We maintain a very strong relationship with the Mayala and share a common vision for mining on the island. We would expect to finalise a mining agreement within the coming months.

Pluton continued to employ Mayala men during the exploration phase. We have been very impressed with the dedication of these employees, and very proud of our efforts to provide them with new skills and employment opportunities.

The Company has conducted several environmental surveys both on Irvine Island and the surrounding marine environment. Nothing has been discovered that is listed as rare or endangered on the island. Further environmental surveys will continue into the 2011 calendar year.

Pluton has been recognised by the mining industry in Western Australia by being awarded the 2010 Golden Gecko for environmental excellence. Pluton received the award for its low-impact environmental exploration of Irvine Island. In particular, the award recognised the low-impact exploration camp and the Universal Drilling Platform, designed and patented by Pluton.

In the coming months the Company will be referring the project to the EPA. This commences the process of gaining environmental approvals for mining. The Company anticipates receiving final environmental approvals around March 2012.

Dove River – Tasmania (Pluton 100%)

Pluton's 100% owned Dove River exploration licence is situated in the Mount Read Volcanic Belt in northern Tasmania. Dove River is prospective for porphyry-style copper and gold.

Pluton conducted low cost geological mapping over Dove River during the financial year.

Cethana – Tasmania (Pluton 60%)

Pluton has completed its expenditure requirements to earn a 60% equity stake in the Cethana tenement.

Cethana borders the Dove River tenement to the north and contains a very large single anomaly structure similar to the anomalies at Dove River. Cethana is prospective for porphyry-style copper and gold.

Two diamond holes were drilled into the Cethana anomaly during the financial year. While assay results for the second hole are pending, the assay results for the first hole were below expectation with only sub-grade intersections of copper and gold were encountered.

While drilling confirmed that there is potential for the anomaly to contain an economic deposit, further drilling would need to be conducted to prove this theory.

Following receipt of final assay results from drilling on the Cethana tenement, a technical review on the Cethana and Dove River assets will be undertaken with a recommendation to be made to the Board on the future of these tenements.



Tony Schoer - Managing director and CEO



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GENERAL INFORMATION

The financial report covers Pluton Resources Limited as a consolidated entity consisting of Pluton Resources Limited and the entities it controlled. The financial report is presented in Australian Dollars, which is Pluton Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Pluton Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Fourth Floor, 468 St Kilda Road, Melbourne, VIC 3004

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 7 September 2010. The directors have the power to amend and reissue the financial report.

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The directors present their report on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Pluton Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2010.

DIRECTORS

The following persons were directors of Pluton Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Malcolm Macpherson
 Raymond John Schoer
 Russell George Williams (appointed on 19 May 2010)
 Anthony James Schoer
 Dr Alistair Ross Reed (resigned on 30 April 2010)

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the financial year was the exploration of mineral assets within Australia.

DIVIDENDS

There were no dividends paid or proposed in the current or prior year.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to \$1,753,174 (30 June 2009: \$1,502,101).

The principal activities for the financial year ended 30 June 2010 were the raising of \$18,300,000 in equity capital via a private placement to new and existing sophisticated investors at 40 cents per share; the raising of \$5,000,000 equity capital via a Share Purchase Plan to shareholders at 40 cents per share; the acquisition of 50% of the Irvine Island Iron Ore Project from Portman Iron Ore, the Joint Venture partners, for consideration of \$5,000,000 and issue of 19,430,000 ordinary fully paid shares at 45 cents per share; and the commencement of Phase II exploration drilling activity at Irvine Island.

PROJECTS – WESTERN AUSTRALIA

Irvine Island (E04/1172) – Pluton 100%

In December 2009, an 8,000 metre diamond Phase II drill program commenced on Irvine Island that aims to target both the Yampi Member on Hardstaff Peninsula, as well as high grade DSO at the isthmus. The aim of the drilling program is to increase the JORC compliant resource to 130 million tonnes, however may be as high as 200 million tonnes. The targeted tonnage includes both DSO and feed for beneficiation.

Drilling activity to date has been carried out on the Hardstaff Peninsular targeting the Wonganin Sandstones and the Yampi Member, with results as expected with consistently good grades to feed into the beneficiation process.

On 4th June 2010 the company announced a 450% increase in the JORC compliant inferred resource for the Hardstaff Peninsula. Key to the upgrade is the ability to concentrate the low grade Wonganin Sandstone into a +66%Fe product. At a total capital cost of approximately \$350 million, and an estimated cash cost of \$37/tonne of product on ship, the concentrate produced from Hardstaff Peninsula is considered to be highly economic.

The upgraded resource, after beneficiation, can target up to 108Mt at a grade of better than 66%Fe. The final resource estimate, expected by the end of this drilling campaign, is targeted to produce, after beneficiation, up to 200Mt at +66%Fe.

In August 2010, the company completed the expansion of its existing purpose built camp on Irvine Island to allow for an increase in drilling activity from a second diamond drill rig to be used to commence drilling at the Isthmus region of Irvine Island Drilling of the expected DSO iron ore

deposit. In addition to the drilling program, the company has undertaken land and marine based environmental surveys. To date nothing has been discovered that is listed as rare or endangered and further studies have been planned to provide further data for the Irvine Island EPA submission. Relationships with the Native Title Claimant Group, the Mayala People, remain very positive with negotiations for a fair compensation package to allow mining are progressing.

PROJECTS – TASMANIA

Dove River (EL14/2006) – Pluton 100%

Exploration activity undertaken on the Dove River licence included low cost geological mapping and planning for further evaluation and exploration activity on the licence.

Cethana (EL29/2006) – Pluton 60%

Exploration activity undertaken on the Cethana licence included low cost geological mapping and planning for further evaluation and exploration activity on the licence. In May 2010, the company commenced a two-hole diamond drill program on the highly magnetic Cethana anomaly.

FINANCIAL POSITION

At 30 June 2010 the consolidated entity's cash position was \$8,171,100, sufficient to cover the currently planned work programmes.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 27 October 2009, the company issued 45,750,000 ordinary shares at \$0.40 each for consideration of \$18,300,000.

On 30 October 2009, the consolidated entity completed the acquisition of the remaining 50% interest in the Irvine Island iron ore project for total consideration of \$14,718,694, settled with 19,462,200 shares at \$0.45 each totalling \$8,757,990 and cash consideration of \$5,960,704.

On 24 November 2009, the company issued 12,500,000 ordinary shares at \$0.40 each for consideration of \$5,000,000.

In December 2009, the consolidated entity commenced its phase 2 drilling iron ore program at Irvine Island, located north of Broome in Western Australia. The program continues up to and beyond the date of this report.

In May 2010, the consolidated entity commenced a two hole drill program at Cethana, located in northern Tasmania.

In June 2010, the consolidated entity announced an upgrade to the inferred mineral resource at Irvine Island to 108Mt at 66%Fe.

On 30 April 2010, Dr Alistair Reed resigned as a director of the company and on 19 May 2010 Russell Williams was appointed a director of the company.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Following the drilling program completed at the Cethana lease in Tasmania, the consolidated entity has an enforceable 60% interest in this lease having expended \$600,000 required to meet the farm-in requirements under the Farm-in Agreement.

No other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The company will continue the assessment and development of the company's Irvine Island iron ore and mineral assets, and seek new projects for development.

ENVIRONMENTAL REGULATION

The consolidated entity operations are subject to environmental regulation under the law of the Commonwealth and State.

The consolidated entity, as part of its operations, maintains strict adherence to environmental rehabilitation and protection of flora and fauna in its areas of interest.

INFORMATION ON DIRECTORS

Name: Malcolm Macpherson

Title: Non-Executive Chairman

Qualifications: B.Sc. FAICD, F.AusIMM

Experience and expertise: Malcolm Macpherson has broad mining industry experience and built a successful career as Chief Executive of Iluka Resources Limited, growing it from a \$50 million market cap in 1978 to a \$1 billion company by 2001. He has a strong interest in research and innovation and has served on CSIRO advisory committees and the Murdoch University Senate. He is Chairman of the Cooperative Research Centre for Sustainable Minerals Processing.

Other current directorships: Non-Executive Director of Minara Resources Limited and Range River Gold Limited. He is also a director of Canadian listed Titanium Corporation.

Former directorships (in the last 3 years): Portman Limited (resigned December 2008)

Special responsibilities: Member of the Audit and Risk Committee

Interests in shares: 221,058 ordinary shares

Interests in options: None

Name: Raymond John Schoer

Title: Non-Executive Director

Qualifications: KRSS, BA(Admin), FCPA, FAICD, FCIM

Experience and expertise: Ray Schoer was the Chief Executive of the National Companies and Securities Commission (the forerunner to the ASIC) from 1980 to 1990. He was National Director of Australian Securities Exchange ('ASX') from 1990 to 1995. He has also held positions in senior management in the Commonwealth Government, and has served on various government, international and stock exchange committees. Ray was a Director of IOOF Holdings Ltd from 1994 to 2002 and Group Chairman from 2002 to 2005, and Chairman of IOOF Funds Management Ltd from 1999 to 2005, and was a former Chairman of Sydney Gas Ltd in 2005 to 2006.

Other current directorships: Chairman of Australia Pacific Exchange Ltd and QRSciences Ltd. Non-Executive Director of Rabinov Property Management Limited and Ferngrove Vineyards Ltd.

Former directorships (in the last 3 years): None

Special responsibilities: Chairman of the Audit and Risk Committee

Interests in shares: 4,550,685 ordinary shares

Interests in options: 4,761,857 options

Name: Russell George Williams (appointed on 19 May 2010)

Title: Non-Executive Director

Qualifications: M. Eng

Experience and expertise: Russell trained as a mechanical engineer at the University of Manchester, England, and has spent 30 years with Alcoa Inc. He was first involved in all facets of alumina production and then became involved in bauxite production managing Alcoa's West Australian bauxite mining operations, then had oversight of all of Alcoa's global mining activity in Brasil, Jamaica and Suriname. Russell spent his final years with Alcoa in Pittsburgh, USA, and was responsible for all activity at the Alcoa JV in Guinea, Company Bauxite de Guinee (CBG), the third largest export bauxite producer in the world.

Other current directorships: Anglo Aluminum Corp. (listed on the Toronto Stock Exchange, Canada)

Former directorships (in the last 3 years): None

Special responsibilities: None

Interests in shares: None

Interests in options: None

Name: Anthony James Schoer

Title: Managing Director and Chief Executive Officer

Qualifications: BBus, FCPA

Experience and expertise: Tony Schoer has 27 years experience in the mining and oil and gas industries, including direct experience in commodities such as iron ore, coal, gold, manganese, nickel and oil and gas. Tony was the Chief Financial Officer of Portman Ltd. until the takeover offer by Cleveland Cliffs Inc. He previously worked for WMC Ltd and was employed by BHP Co Ltd for 20 years commencing as a Commercial Trainee. He held various senior roles including Vice President Commercial for BHP Minerals, and was a member of the BHP Minerals Executive Committee. He represented BHP on several Boards and Ownership Committees. He has operating experience in three countries and has worked on three mine sites as well as in several regional and head offices.

Other current directorships: None

Former directorships (in the last 3 years): None

Special responsibilities: None

Interests in shares: 2,685,297 ordinary shares

Interests in options: 5,231,694 options

Name: Dr Alistair Ross Reed (resigned on 30 April 2010)

Title: Formerly Executive Director - Exploration

Qualifications: B.Sc.(Auck.), Hons.(1st cl.), PhD.(UWA)

Experience and expertise: Alistair Reed graduated with a PhD in Economic Geology from the University of Western Australia. He has more than 16 years industry, government and academic experience, covering a diversity of deposit styles and geologic environments in Australasia, Africa and Europe. He specialises in evaluating and prioritising mineral exploration projects and target generation, successfully assisting organisations such as WMC Resources, BHP Minerals, MIM, government, as well as both listed and unlisted junior explorers. He is an exponent of using innovative techniques in mineral exploration and has produced more than 20 publications relevant to mineral deposits and mineral exploration globally.

Other current directorships: None

Former directorships (in the last 3 years): None

Special responsibilities: None

Interests in shares: None

Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Andrew Metcalfe (B.Bus, CPA, FCIS) is a qualified accountant with over 24 years experience across a variety of industry sectors, holding the position of Company Secretary and CFO for a number of ASX listed entities and unlisted public entities for property, retail, energy, manufacturing, and technology industries. Andrew is employed by Accosec Consultants and assists Pluton in Company Secretarial practice and procedures.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Malcolm Macpherson	8	8	2	2
Raymond John Schoer	8	8	2	2
Russell George Williams	1	1	-	-
Anthony James Schoer	8	8	-	-
Dr Alistair Ross Reed	7	7	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

As at the date of this report the company had not formed a Nomination and Remuneration Committee as the Board has determined that it will execute the functions of this Committee under the Board Charter.

REMUNERATION REPORT (AUDITED)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

A Principles used to determine the nature and amount of remuneration

The performance of the company and consolidated entity depends upon the quality of its directors and executive officers. To prosper, the company and consolidated entity must attract, motivate and retain highly skilled personnel.

To this end, the company and consolidated entity:

- Works to attract the appropriate staff by providing a competitive remuneration structure and a productive working environment.
- Reviews and recommend remuneration, HR policies, performance management and procedures for the company and consolidated entity, including:
 - directors of each subsidiary;
 - the chief executive officer; and
 - executive and senior management.
- Assures that all compliance, governance, accounting, legal approvals and disclosure requirements associated with company's employment practices are satisfied.

The Board of Directors (the 'Board') has not established a Remuneration and Nomination Committee. Therefore the Board is responsible for determining and reviewing compensation arrangements for the directors and the executive officers. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of an experienced and high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and superannuation salary sacrifice. The directors emoluments are comparable to similar sized companies in the resources industry.

Consolidated entity performance and link to remuneration

There is no formal link between the company's and consolidated entity's performance and the directors' emoluments as the company's and consolidated entity's exploration operations represent no guarantee of their future value.

All directors and executives have the opportunity to qualify for participation in the Executive Share Scheme, which provides for a salary sacrifice of directors fees to acquire shares in the company.

Remuneration structure

In accordance with corporate governance principles and recommendations, the company substantially complies with the guidelines for executive remuneration packages and non-executive director remuneration.

Non-executive directors remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time-to-time by a general meeting. The latest determination was at the Annual General Meeting held 20 October 2006 when shareholders approved an aggregate remuneration of \$400,000 per annum to be apportioned amongst non-executive directors.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

On appointment, non-executive directors are advised of their directors duties and responsibilities and the remuneration fee to be paid to that director in carrying out their individual duties. This fee covers both the Board and any committee position where the non-executive director is a member.

Non-executive directors aggregate emoluments are detailed in section B below. The non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs.

Executive remuneration

The company and consolidated entity aims to reward its executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and consolidated entity, so as to reward executives for meeting or exceeding targets set by reference to appropriate benchmarks; align the interests of executives with those of shareholders; and ensure remuneration is competitive by market standards.

Remuneration consists of the following key elements:

- fixed remuneration (base salary, superannuation and non-monetary benefits)
- variable remuneration - short-term incentive ('STI')

Fixed remuneration - objective:

Fixed remuneration is reviewed at the end of each contract term by the Board. The process consists of a review of the consolidated entity and individual performance, relevant comparative remuneration externally and internally and, where appropriate external advice on policies and practices.

Fixed remuneration - structure:

Executives receive their fixed (primary) remuneration in form of cash payments to their nominated accounts (with appropriate PAYG tax deducted) and superannuation funds. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board as part of an assessment on that executive's performance. The Board has access to external independent advice if necessary.

Variable remuneration (short term incentive) - objective:

The objective of a short-term incentive programme is to link the achievement of the consolidated entity's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the consolidated entity is reasonable in the circumstances.

Variable remuneration (short term incentive) - structure:

At the 2009 Annual General Meeting the shareholders approved the establishment of an Executive Share Option Plan ('ESOP') to provide short-term incentives for executive directors and employees.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Pluton Resources Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Pluton Resources Limited and the following executives:

- John McDougall - Senior Geologist
- Pamela Kaye - General Counsel
- Ben Carpenter - Project Manager

2010	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	
Name	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Malcolm Macpherson (Chairman)	91,744	-	-	8,257	-	-	100,001
Raymond John Schoer	54,500	-	-	818	-	-	55,318
Russell George Williams	4,911	-	-	442	-	-	5,353
<i>Executive Directors:</i>							
Anthony James Schoer	413,000	-	-	35,044	-	-	448,044
Dr Alistair Ross Reed	254,219	-	-	19,620	-	-	273,839
<i>Other Key Management Personnel:</i>							
John McDougall	125,176	-	-	11,117	-	18,362	154,655
Pamela Kaye	165,000	-	-	14,850	-	22,953	202,803
Ben Carpenter	119,341	-	-	10,313	-	18,362	148,016

2009	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	
Name	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Malcolm Macpherson (Chairman)	45,870	-	-	4,128	-	-	49,998
Raymond John Schoer	54,500	-	-	-	-	-	54,500
Albert Yue-Ling Wong	16,668	-	-	1,500	-	-	18,168
The Hon. Neville Kenneth Wran	29,067	-	-	-	-	-	29,067
Arun Kumar Jagatramka	16,668	-	-	1,500	-	-	18,168
<i>Executive Directors:</i>							
Anthony James Schoer	413,000	-	-	34,335	-	-	447,335
Dr Alistair Ross Reed	261,600	-	-	23,544	-	-	285,144
<i>Other Key Management Personnel:</i>							
John McDougall	121,025	-	-	10,892	-	3,150	135,067
Pamela Kaye	165,000	-	-	14,850	-	-	179,850

There was no bonus granted in 2010 or 2009.

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Anthony James Schoer

Title: Managing Director and Chief Executive Officer

Agreement commenced: 1 July 2006

Term of agreement: No end date

Details: Anthony James Schoer's fixed remuneration is \$448,044 (which includes car allowance and superannuation) and his variable remuneration is any executive share scheme or executive share option scheme or cash bonus payment as may be determined by the Board.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2010.

Options

The terms and conditions of each grant of options affecting remuneration in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
30 November 2008	30 November 2008	30 June 2011	\$2.10	\$0.08
12 February 2010 (ESOPT1)	12 February 2011	12 February 2013	\$0.75	\$0.28
12 February 2010 (ESOPT2)	12 February 2012	12 February 2014	\$1.25	\$0.29

ESOP Tranche 1 ('ESOP-T1') have a performance hurdle of the company share price being at least \$0.75 by 12 February 2013 for each option to be convertible into an ordinary share. ESOP Tranche 2 ('ESOP-T2') have a performance hurdle of the company share price being at least \$1.25 by 12 February 2014 for each option to be convertible into an ordinary share.

PLUTON RESOURCES LIMITED ABN 12 114 561 732

Details of options over ordinary shares issued to directors and other key management personnel during the year ended 30 June 2010 are set out below:

Name	Number of options granted during the year		Number of options vested during the year	
	2010	2009	2010	2009
John McDougall	-	40,000	-	40,000
Pamela Kaye ^	50,000	-	-	-
Pamela Kaye *	50,000	-	-	-
John McDougall ^	40,000	-	-	-
John McDougall *	40,000	-	-	-
Ben Carpenter ^	40,000	-	-	-
Ben Carpenter *	40,000	-	-	-

^ Performance rights issued under ESOP-T1

* Performance rights issued under ESOP-T2

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of Pluton Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
3 October 2006	3 October 2016	\$0.30	25,396,572
30 November 2008	30 June 2011	\$2.10	40,000
12 February 2010 (ESOP-T1)	12 February 2013	\$0.75	300,000
12 February 2010 (ESOP-T2)	12 February 2014	\$1.25	300,000

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no shares of Pluton Resources Limited issued on the exercise of options during the year ended 30 June 2010.

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company arranged Directors and Officers Liability Insurance for its directors and officers. The premium insured each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The insurance policy had a liability limit of \$5 million on any one claim and in the aggregate. The nature of the liabilities covered was Official Investigation, Inquiries and Proceedings, Occupational Health and Safety, Mitigation Costs and Civil Awards. The contract of insurance prohibits disclosure of the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 21 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the financial year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF DELOITTE TOUCHE TOHMATSU

There are no officers of the company who are former audit partners of Deloitte Touche Tohmatsu.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest dollar.

AUDITOR

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Tony Schoer
Director

7 September 2010
Melbourne

Deloitte.

Deloitte Touche Tohmatsu
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www.deloitte.com.au

The Board of Directors
Pluton Resources Limited
Ground Floor 470 St Kilda Road
Melbourne VIC 3004

7 September 2010

Dear Board Members,

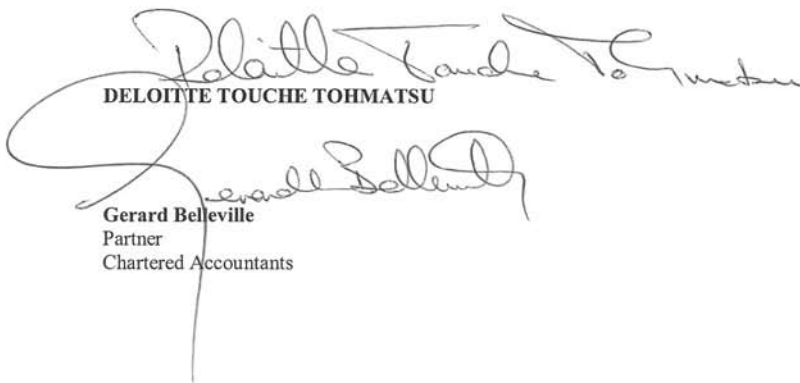
Pluton Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Pluton Resources Limited.

As lead audit partner for the audit of the financial statements of Pluton Resources Limited for the financial year ended 30 June 2010, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU

Gerard Belleville
Partner
Chartered Accountants

The Board of Directors of Pluton Resources Limited is responsible for the corporate governance of the Company and consolidated entity. The Board guides and monitors the business and affairs of Pluton Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

Principles and Recommendations	Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight		
1.1 Establish the functions reserved to the Board of directors ('Board') of Pluton Resources Limited ('Company') and those delegated to manage and disclose those functions.	<p>The Board is responsible for the overall corporate governance of the Company.</p> <p>The Board has adopted a Board charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management.</p> <p>The Board has adopted a Delegations of Authority that sets limits of authority for senior executives.</p> <p>On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.</p>	Complies
1.2 Disclose the process for evaluating the performance of senior executives.	Senior executives prepare strategic objectives that are signed off by the Board. These objectives must then be met by senior executives as part of their performance targets. The chief executive officer ('CEO') then reviews the performance of the senior executives against those objectives. The Board reviews the CEO's compliance against his and the Company's objectives. These reviews occur annually.	Complies
1.3 Provide the information indicated in <i>Guide to reporting on Principle 1</i> .	<p>A Board charter has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.</p> <p>A performance evaluation process is included in the Board Charter, which has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.</p> <p>The Board conducted a performance evaluation for senior executives in financial year in accordance with the process above.</p>	Complies
Principle 2 – Structure the Board to add value		
2.1 A majority of the Board should be independent directors.	<p>The Board of directors comprise two independent directors, one non-independent director due to being a substantial shareholder and one executive director of the Company.</p> <p>Malcolm Macpherson and Russell Williams are both independent non-executive directors.</p> <p>Ray Schoer is a non-executive director but not independent due to being a substantial shareholder.</p> <p>Tony Schoer is an executive director.</p>	Does not comply. However the skills and experience of both the independent and non-independent directors allow the Board to act in the best interests of shareholders.
2.2 The chair should be an independent director.	Malcolm Macpherson is an independent non-executive director of the Board.	Complies
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Malcolm Macpherson is the chairman and Tony Schoer the chief executive officer.	Complies
2.4 The Board should establish a nomination committee.	Given the size of the Board, it was determined that the Board will execute the functions of a nomination committee and that a separate nomination committee is unnecessary.	Does not comply for reasons given under 2.6 Compliance.
2.5 Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The Company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the Company's website.	Complies
2.6 Provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	<p>This information has been disclosed (where applicable) in the Directors' Report attached to this Corporate Governance Statement.</p> <p>Malcolm Macpherson is an independent director of the Company. A director is considered independent when he substantially satisfies the test for independence as set out in the ASX Corporate Governance Recommendations.</p> <p>Members of the Board are able to take independent professional advice at the expense of the Company.</p> <p>Malcolm Macpherson, non-executive chairman, was appointed to the Board on 1 January 2009.</p> <p>Ray Schoer, non-executive director, was appointed to the Board on 9 August 2005.</p> <p>Russell Williams, non-executive director, was appointed to the Board on 19 May 2010.</p> <p>Tony Schoer, managing director and chief executive officer, was appointed to the Board on 1 July 2006.</p> <p>The Board carries out the functions of a nomination committee.</p> <p>In accordance with the information suggested in <i>Guide to Reporting on Principle 2</i>, the Company has disclosed full details of its directors in the Director's Report attached to this Corporate Governance Statement. Other disclosure material as suggested in <i>Guide to Reporting on Principle 2</i> has been made available on the Company's website.</p>	Does not comply.

Principles and Recommendations	Compliance	Comply
Principle 3 – Promote ethical and responsible decision making		
3.1 Establish a code of conduct and disclose the code or a summary of the code.	The Board has adopted a code of conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The code is available on the Company's website.	Complies
3.2 Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	The Company has adopted a securities trading policy that applies to trading in shares in the Company by any director or employee of the Company. This policy is available on the Company's website.	Complies
3.3 Provide the information indicated in <i>Guide to reporting on Principle 3</i> .	The code of conduct and securities trading policy are available on the Company's website. The securities trading policy is summarised in this Corporate Governance Statement.	Complies
Principle 4 – Safeguard integrity in financial reporting		
4.1 The Board should establish an audit committee.	The Board has established an audit and risk committee which operates under an audit and risk committee charter to focus on issues relevant to the integrity of the Company's financial reporting.	Complies
4.2 The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members.	Members of the audit and risk committee are Ray Schoer (chair) and Malcolm Macpherson. Ray Schoer is a non-executive director and is not chair of the Board. The committee consists of only non-executive directors. The audit and risk committee did not comply with Recommendation 4.2 in that the committee: <ul style="list-style-type: none"> • did not consist of a majority of independent directors; • was not chaired by an independent chair, and • had less than three members. 	Does not comply due to the size and composition of the Board. However, the Board considers Ray Schoer and Malcolm Macpherson to be the most appropriate members to constitute the audit and risk committee given their technical, finance and accounting expertise and broad knowledge of the industry in which the Company operates within.
4.3 The audit committee should have a formal charter.	The Board has adopted an audit and risk charter. This charter is available on the Company's website.	Complies
4.4 Provide the information indicated in <i>Guide to reporting on Principle 4</i> .	In accordance with the information suggested in <i>Guide to Reporting on Principle 2</i> , this has been disclosed in the Directors' Report attached to this Corporate Governance Statement and is summarised in this Corporate Governance Statement. The members of the audit and risk committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution. The audit and risk committee held two meetings during the period to the date of the Directors Report and meets every six months. The audit and risk charter, and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners (which is determined by the audit committee), is available on the Company's website.	Complies
Principle 5 – Make timely and balanced disclosure		
5.1 Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has adopted a continuous disclosure policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. This policy is available on the Company's website.	Complies
5.2 Provide the information indicated in the <i>Guide to reporting on Principle 5</i> .	The Company's continuous disclosure policy is available on the Company's website.	Complies

Principles and Recommendations	Compliance	Comply
Principle 6 – Respect the rights of shareholders		
6.1 Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	<p>The Company has adopted a shareholder communications policy. The Company uses its website (www.plutonresources.com), annual report, market announcements and media disclosures to communicate with its shareholders, as well as encourages participation at general meetings.</p> <p>This policy is available on the Company's website.</p>	Complies
6.2 Provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company's shareholder communications policy is available on the Company's website.	Complies
Principle 7 – Recognise and manage risk		
7.1 Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	<p>The Company has adopted a risk management statement within the audit and risk committee charter. The audit and risk committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board.</p> <p>The audit and risk charter is available on the Company's website and is summarised in this Corporate Governance Statement.</p>	Complies
7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	<p>The Company has identified key risks within the business.</p> <p>In the ordinary course of business, management monitor and manage these risks.</p> <p>Key operational and financial risks are presented to and reviewed by the Board at each Board meeting.</p>	Complies
7.3 The Board should disclose whether it has received assurance from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	The Board has received a statement from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	Complies
7.4 Provide the information indicated in the <i>Guide to reporting on Principle 7</i> .	<p>The Board has adopted an audit and risk charter which includes a statement of the Company's risk policies.</p> <p>This charter is available on the Company's website and is summarised in this Corporate Governance Statement.</p> <p>The Company has identified key risks within the business and has received a statement of assurance from the Chief Executive Officer and Chief Financial Officer.</p>	Complies

Principles and Recommendations	Compliance	Comply
Principle 8 – Remunerate fairly and responsibly		
8.1 The Board should establish a remuneration committee.	The Board has not established a remuneration committee and has not adopted a remuneration charter.	Does not comply. Given the size of the Board, the directors have determined that it will execute the functions of a remuneration committee and that a separate remuneration committee is unnecessary.
8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration. Ray Schoer, a non-executive director, received founder options prior to listing on the ASX that were not issued under an employment incentive scheme.	Complies. The issue of options to non-executive directors are considered founder options, issued prior to listing on the ASX.
8.3 Provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	The Board has not adopted a remuneration committee charter. The Company does not have any schemes for retirement benefits other than superannuation for non-executive directors.	Does not comply. Given the size of the Board, the Board has determined that it will execute the functions of a remuneration committee and that a separate remuneration committee is unnecessary. With respect to this compliance issue, the Board will review its position annually.

Pluton Resources Limited's corporate governance practices were in place for the financial year ended 30 June 2010 and to the date of signing the Directors' Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Pluton Resources Limited, refer to our website: <http://www.plutonresources.com>

BOARD FUNCTIONS

The role of the Board of Pluton Resources Limited is as follows:

- Representing and serving the interests of shareholders by overseeing and appraising the strategies, policies and performance of the Company. This includes overseeing the financial and human resources the Company has in place to meet its objectives and the review of management performance;
- Protecting and optimising Company performance and building sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- Responsible for the overall Corporate Governance of Pluton Resources Limited and its controlled entities, including monitoring the strategic direction of the Company and those entities, formulating goals for management and monitoring the achievement of those goals;
- Setting, reviewing and ensuring compliance with the Company's values (including the establishment and observance of high ethical standards);
- Ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

Responsibilities/functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning for the successor of, the Chief Executive Officer ('CEO');
- reviewing procedures in place for appointment of senior management and monitoring of its performance, and for succession planning. This includes ratifying the appointment and the removal of the Chief Financial Officer and Company Secretary;
- input into and final approval of management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing and guiding systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures in place to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes in place aimed at ensuring the integrity of financial and other reporting;
- monitoring and reviewing policies and processes in place relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards and;
- performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a Director, employee or other person subject to ultimate responsibility of the Directors under the Corporations Act.

Matters which are specifically reserved for the Board or its committees include the following:

- appointment of a Chair;
- appointment and removal of the CEO;
- appointment of directors to fill a vacancy or as additional directors;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- development and review of corporate governance principles and policies;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of shareholders and;
- any other specific matters nominated by the Board from time to time.

STRUCTURE OF THE BOARD

The Company's constitution governs the regulation of meetings and proceedings of the Board.

The Board determines its size and composition, subject to the terms of the constitution. The Board does not believe that it should establish a limit on tenure other than stipulated in the company constitution.

While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. It is intended that the Board should comprise a majority of independent non-executive directors and comprise directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. It is also intended that the Chair should be an independent non-executive director. The Board regularly reviews the independence of each director in light of the interests disclosed to the Board.

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with - or could reasonably be perceived to interfere with - the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in Principal 2 of the ASX Corporate Governance Revised Principles and Recommendations. The Board will review the independence of each director in light of interests disclosed to the Board from time to time.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Pluton Resources Limited are considered to be independent:

Name	Position
Malcolm Macpherson	Chairman
Russell Williams	Non-Executive Director

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Position	Term in office
Tony Schoer	Chief Executive Officer	Appointed 1 July 2006
Ray Schoer	Non-executive Director	Appointed 9 August 2005
Malcolm Macpherrson	Non-executive Director	Appointed 1 January 2009
Russell Williams	Non-Executive Director	Appointed 19 May 2010

Further details on each director can be found in the Directors' Report attached to this Corporate Governance Statement.

SECURITIES TRADING POLICY

Under the Company's Guidelines for Dealing in Securities Policy, directors, officers and employees of the Company should not trade in the Company's securities when he or she is in possession of price sensitive information that is not generally available to the market.

Directors and senior management are likely to be in possession of unpublished price sensitive information concerning the Company by virtue of their position within the Company. Therefore those persons are restricted from dealing in the Company's securities in the first business day following the release of price sensitive information to the ASX (Non-Trading Period).

In addition, directors, officers and employees can only deal in the Company's securities after having first obtained clearance from the Company, and must notify the Company Secretary when a trade has occurred.

This Policy does not restrict a purchase of securities under the Company's Deferred Directors Salary Sacrifice Share Purchase Plan which is subject to a monthly standing order placed to acquire securities.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company within five days of the transaction taking place.

AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk Committee which operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit Committee during the year were:

Ray Schoer (non-executive director) who is a FCPA.

Malcolm Macpherson (non-executive director) who holds a B.Sc.

Whilst operating as a separate Committee, the Audit and Risk Committee provide the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

RISK

The responsibility of overseeing risk falls within the charter of the Audit and Risk Committee. The Company identifies areas of risk within the Company and management and the Board continuously undertake a risk assessment of the Company's operations, procedures and processes. The risk assessment is aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which is being done through natural or instinctive process by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of these practices and procedures to minimise many of the standard commercial risks, i.e. taking out the appropriate insurance policies, or ensuring compliance reporting is up to date.

CEO AND COO CERTIFICATION

The Chief Executive Officer and Chief Operating Officer have provided a written statement to the Board that in their view:

1. the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
2. the Company's risk management and internal compliance and control system is operating effectively in all material respects.

PERFORMANCE

The performance of the Board and key executives is reviewed regularly using both measurable and qualitative indicators.

On an annual basis, directors will provide written feedback in relation to the performance of the Board and its Committees against a set of agreed criteria.

- Each Committee of the Board will also be required to provide feedback in terms of a review of its own performance.
- Feedback will be collected by the chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees.
- The Chief Executive Officer will also provide feedback from senior management in connection with any issues that may be relevant in the context of Board performance review.
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board, in assuming the responsibilities of assessing remuneration to employees, links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share in the success of Pluton Resources Limited.

For a more comprehensive explanation of the Company's remuneration framework and the remuneration received by directors and key executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to non-executive (or executive) directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the Chief Executive Officer and Executive team.

Statement of Comprehensive Income

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FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated	
		2010 \$	2009 \$
Revenue	4	360,828	162,957
Other income	5	205,394	252,662
Expenses	6		
Occupancy expense		(147,662)	(78,382)
Employee benefits expense		(1,155,264)	(1,068,752)
Depreciation and amortisation expense	6	(128,597)	(57,858)
Travel expense		(124,004)	(44,103)
Legal and professional fees		(376,673)	(228,596)
General and administrative expense		(378,880)	(435,633)
Other expenses		(8,277)	(3,889)
Finance costs	6	(39)	(507)
Loss before income tax expense		(1,753,174)	(1,502,101)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Pluton Resources Limited	17	(1,753,174)	(1,502,101)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Pluton Resources Limited		(1,753,174)	(1,502,101)
		Cents	Cents
Basic earnings per share	31	(1.35)	(1.93)
Diluted earnings per share	31	(1.35)	(1.93)

AS AT 30 JUNE 2010

	Note	Consolidated	
		2010 \$	2009 \$
Assets			
Current assets			
Cash and cash equivalents		8,171,100	2,343,734
Trade and other receivables	8	1,848,443	131,201
Other	9	-	1,877
Total current assets		10,019,543	2,476,812
Non-current assets			
Property, plant and equipment	10	678,617	218,673
Intangibles	11	99,487	41,597
Exploration and evaluation	12	30,384,251	7,890,624
Total non-current assets		31,162,355	8,150,894
Total assets		41,181,898	10,627,706
Liabilities			
Current liabilities			
Trade and other payables	13	1,329,359	204,102
Provisions	14	118,251	100,313
Total current liabilities		1,447,610	304,415
Total liabilities		1,447,610	304,415
Net assets		39,734,288	10,323,291
Equity			
Contributed equity	15	44,578,417	13,551,962
Reserves	16	648,904	511,188
Accumulated losses	17	(5,493,033)	(3,739,859)
Total equity		39,734,288	10,323,291

Statement of Changes in Equity

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FOR THE YEAR ENDED 30 JUNE 2010

	Contributed equity	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2008	9,957,927	508,038	(2,237,758)	8,228,207
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax expense for the year	-	-	(1,502,101)	(1,502,101)
Total comprehensive income for the year	-	-	(1,502,101)	(1,502,101)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	3,594,035	-	-	3,594,035
Share-based payments	-	3,150	-	3,150
Balance at 30 June 2009	13,551,962	511,188	(3,739,859)	10,323,291
	Contributed equity	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2009	13,551,962	511,188	(3,739,859)	10,323,291
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax expense for the year	-	-	(1,753,174)	(1,753,174)
Total comprehensive income for the year	-	-	(1,753,174)	(1,753,174)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	31,026,455	-	-	31,026,455
Share-based payments	-	137,716	-	137,716
Balance at 30 June 2010	44,578,417	648,904	(5,493,033)	39,734,288

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated	
		2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	159,948
Payments to suppliers (inclusive of GST)		(2,623,040)	(1,601,898)
		(2,623,040)	(1,441,950)
Interest received		360,828	162,957
Government grants received		205,394	92,714
Interest and other finance costs paid		(39)	(507)
Net cash used in operating activities	29	(2,056,857)	(1,186,786)
Cash flows from investing activities			
Payments for property, plant and equipment	10	(586,362)	(229,599)
Payments for intangible assets		(60,069)	(38,223)
Payments for exploration and evaluation		(13,784,447)	(4,513,027)
Proceeds from sale of property, plant and equipment		-	10,340
Reimbursed exploration and evaluation costs		46,636	2,135,728
Net cash used in investing activities		(14,384,242)	(2,634,781)
Cash flows from financing activities			
Proceeds from issue of shares	15	23,300,000	3,823,441
Share issue transaction costs		(1,031,535)	(229,405)
Net cash from financing activities		22,268,465	3,594,036
Net increase/(decrease) in cash and cash equivalents		5,827,366	(227,531)
Cash and cash equivalents at the beginning of the financial year		2,343,734	2,571,265
Cash and cash equivalents at the end of the financial year		8,171,100	2,343,734

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Standards and Interpretations

The consolidated entity has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for the current reporting period.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these accounting standards and interpretations are disclosed in the relevant accounting policy.

The adoption of these Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Standards and Interpretations are most relevant to the consolidated entity:

AASB 101 Presentation of Financial Statements (AASB 101)

The consolidated entity has applied the revised AASB 101 from 1 July 2009 and now presents a statement of comprehensive income, which incorporates the income statement and all non-owner changes in equity. As a result, the consolidated entity now presents all owner changes in the statement of changes in equity. The balance sheet is now referred to as the statement of financial position. There is a requirement to present a third statement of financial position if there is restatement of comparatives through either a correction of error, change in accounting policy or a reclassification. The cash flow statement is now referred to as the statement of cash flows.

AASB 3 Business Combinations (AASB 3)

The consolidated entity has applied the revised AASB 3 for all new business combinations acquired on or after 1 July 2009. As well as the expensing of transaction costs and minority interest now being referred to as non-controlling interest, there are a number of significant changes - refer to the 'business combinations' accounting policy for further details.

AASB 127 Consolidated and Separate Financial Statements (AASB 127)

The consolidated entity has applied the revised AASB 127 from 1 July 2009. The revised standard requires changes in ownership interest of a subsidiary without a change in control to be accounted for as a transaction with owners in their capacity as owners. It also changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary - refer to the 'principles of consolidation' accounting policy for further details.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

This amendment is applicable from 1 July 2009 and removes references to the cost method. The distinction between pre and post acquisition profits is no longer relevant as all dividends are now recognised in profit or loss - refer to the 'principles of consolidation' accounting policy for further details.

AASB 7 Financial Instruments: Disclosure (AASB 7)

This amended standard is applicable from 1 July 2009 and requires additional disclosure about fair value measurement of financial instruments, using a three level fair value hierarchy. The amendments also clarify the disclosure requirements about liquidity risks for derivative transactions and assets used for liquidity management.

AASB 8 Operating Segments (AASB 8)

The consolidated entity has applied AASB 8, which replaces AASB 114 'Segment Reporting', from 1 July 2009. AASB 8 requires a management approach to segment reporting based on the information reported internally. Refer to note 3.

GOING CONCERN

The consolidated entity experienced operating losses and negative operating cash flows during the financial year ended 30 June 2010. The directors, however, are confident that the consolidated entity will be able to:

- access additional capital; and
- generate revenue from current and future projects.

The management of the consolidated entity has demonstrated a successful track record in the above and is able to meet all payment obligations as they fall due. Accordingly, the directors are confident that the consolidated entity will continue to be successful in the above matters and have prepared the financial report on a going concern basis.

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies (continued)

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporates the assets and liabilities of all subsidiaries of Pluton Resources Limited ('company' or 'parent entity') as at 30 June 2010 and the results of all subsidiaries and special purpose entities for the year then ended. Pluton Resources Limited, its subsidiaries and special purpose entities together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Special purpose entities ('SPEs') are those entities where the consolidated entity, in substance, controls the SPE so as to obtain the majority of benefits without having any ownership interest.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Change in accounting policy from 1 July 2009

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

The change in accounting policy has been applied prospectively.

Accounting policy up to 30 June 2009

The acquisition of subsidiaries is accounted for using the purchase method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for using the parent entity extension method, where the difference between the consideration paid and the book value of the share of net assets acquired is recognised in goodwill.

Where the consolidated entity loses control over a subsidiary, the consolidated entity recognises a gain or loss directly to the income statement, being the difference between the consideration received and the share of the net assets disposed of. Any investment retained is accounted for at its proportionate share of net asset value at the date control is lost.

OPERATING SEGMENTS

Change in accounting policy from 1 July 2009

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Accounting policy up to 30 June 2009

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different to those of segments operating in other economic environments.

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies (continued)**REVENUE RECOGNITION**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the consolidated entity will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

TRADE AND OTHER RECEIVABLES

Other receivables are recognised at amortised cost, less any provision for impairment.

JOINT VENTURES**Jointly controlled assets**

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

Joint venture entities

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of movements in reserves is recognised in reserves in the statement of financial position.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies (continued)**INVESTMENTS AND OTHER FINANCIAL ASSETS**

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal can not exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment 3-15 years

Motor vehicles 3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years from commencement of commercial production.

Exploration and evaluation assets reclassified as development are amortised over the estimated economic life of the mine on a units-of-production basis. Changes in factors such as estimates of proved and probably reserves that affect unit-of-production calculations are dealt with on a prospective basis.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 5 years.

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies (continued)**EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

PROVISIONS

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Restoration and rehabilitation

The initial estimate of the restoration and rehabilitation provision relating to exploration development is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

EMPLOYEE BENEFITS**Wages and salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies (continued)**Share-based payments**

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The accumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The charge to profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already charged in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The accumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

BUSINESS COMBINATIONS**Change in accounting policy from 1 July 2009**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

The change in accounting policy has been applied prospectively.

Accounting policy up to 30 June 2009

The purchase method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially recognised at their fair values at the acquisition-date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the consolidated entity's share of the fair value of the identifiable net assets acquired, the difference is recognised as a gain directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. The unwinding of the discount on deferred cash consideration is expensed to profit or loss as a finance cost. Contingent consideration is recognised when probable. Subsequent changes to contingent consideration is recognised as goodwill.

Business combinations are initially accounted for on a provisional basis until either the earlier of (i) 12 months from the date of the acquisition or (ii) the finalisation of fair values.

EARNINGS PER SHARE**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pluton Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest dollar.

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies (continued)**NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations, most relevant to and not early adopted by the consolidated entity, are set out below.

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

These amendments are applicable to annual reporting periods beginning on or after 1 January 2010. These amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main change is the removal of specific guidance on classifying land as a lease in AASB 117 'Leases', which may result in more land leases being classified as finance leases. The adoption of these amendments from 1 July 2010 will not have a material impact on the consolidated entity.

AASB 2009-8 Amendments to AASB 2 - Group Cash-settled Share-based Payment Transactions

These amendments are applicable to annual reporting periods beginning on or after 1 January 2010. These amendments clarify the scope of AASB 2 'Share-Based Payment' by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash. These amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by these amendments. The adoption of these amendments from 1 July 2010 will not have a material impact on the consolidated entity.

AASB 124 Related Party Disclosures (December 2009)

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2010. The revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues

These amendments are applicable to annual reporting periods beginning on or after 1 February 2010. These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The adoption of these amendments from 1 July 2010 will not have a material impact on the consolidated entity.

AASB 2009-12 Amendments to Australian Accounting Standards

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 'Operating Segments' and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 9 Financial Instruments and 2009-11 Amendments Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. This standard introduces new classification and measurement models for financial assets as part of phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). It uses a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. The standard also removes the impairment requirements for financial assets held at fair value. The accounting for financial liabilities has not been amended by the IASB and continues to be classified and measured in accordance with AASB 139. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

These amendments are applicable to annual reporting periods beginning on or after 1 July 2010. The amendments make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The main amendments deal with the transitional requirements arising as a result of revised AASB 127 'Consolidated and Separate Financial Statements' being issue; transitional requirements for contingent consideration from a business combination that occurred before the effective date of revised AASB 3 'Business Combinations' and amendments to the measurement of non-controlling interests; and unreplaced and voluntarily replaced share-based payments awards. The adoption of these amendments from 1 July 2010 will not have a material impact on the consolidated entity.

FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Significant accounting policies (continued)***AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project***

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures'; clarification of statement of changes in equity in AASB 101 'Presentation of Financial Instruments' and disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The consolidated entity's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

FOR THE YEAR ENDED 30 JUNE 2010

Note 3. Operating segments*Identification of reportable operating segments*

The consolidated entity operates in the mineral exploration industry in Australia and reports using three segments,

Iron Ore (Irvine), Base Metals (Tasmania) and Other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 30 June 2010 there were no major customers (2009: nil).

Operating segment information

2010	Irvine Island	Tasmanian tenements	Other	Intersegment eliminations / unallocated	Consolidated
	\$	\$	\$	\$	\$
Revenue					
Other income	-	-	566,222	-	566,222
Total revenue	-	-	566,222	-	566,222
Adjusted EBITDA					
Depreciation and amortisation	(113,951)	-	(14,646)	-	(128,597)
Interest revenue	-	-	360,828	-	360,828
Finance costs	-	-	(39)	-	(39)
Loss before income tax expense	(113,951)	(8,277)	(1,630,946)	-	(1,753,174)
Income tax expense					-
Loss after income tax expense					(1,753,174)
Assets					
Segment assets	27,877,442	2,093,233	11,211,223	-	41,181,898
Total assets					41,181,898
<i>Total assets includes:</i>					
Acquisition of non-current assets	22,943,699	179,522	16,837	-	23,140,058
Liabilities					
Segment liabilities	-	-	1,447,610	-	1,447,610
Total liabilities					1,447,610

FOR THE YEAR ENDED 30 JUNE 2010

Note 3. Operating segments (continued)

2009	Irvine Island	Tasmanian tenements	Other	Intersegment eliminations / unallocated	Consolidated
	\$	\$	\$	\$	\$
Revenue					
Other income	-	-	415,619	-	415,619
Total revenue	-	-	415,619	-	415,619
Adjusted EBITDA					
Depreciation and amortisation	(57,848)	-	(17,861)	-	(75,709)
Interest revenue	-	-	162,957	-	162,957
Finance costs	-	-	(507)	-	(507)
Loss before income tax expense	(57,848)	-	(1,444,253)	-	(1,502,101)
Income tax expense					-
Loss after income tax expense					(1,502,101)
Assets					
Segment assets	5,047,522	1,913,711	3,666,473	-	10,627,706
Total assets					10,627,706
<i>Total assets includes:</i>					
Acquisition of non-current assets	2,606,898	-	38,223	-	2,645,121
Liabilities					
Segment liabilities	-	-	304,415	-	304,415
Total liabilities					304,415

Consolidated

	2010 \$	2009 \$
Note 4. Revenue		
<i>Other revenue</i>		
Interest	360,828	162,957
Revenue	360,828	162,957
Note 5. Other income		
Government grants	205,394	92,714
Other income	-	159,948
Other income	205,394	252,662

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	\$	\$
Note 6. Expenses		
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	124,473	46,558
Motor vehicles	1,945	4,959
Total depreciation	126,418	51,517
<i>Amortisation</i>		
Software	2,179	6,341
Total depreciation and amortisation	128,597	57,858
<i>Finance costs</i>		
Interest and finance charges paid/payable	39	507
Note 7. Income tax expense		
<i>Numerical reconciliation of income tax expense to prima facie tax payable</i>		
Loss before income tax expense	(1,753,174)	(1,502,101)
Tax at the Australian tax rate of 30%	(525,952)	(450,630)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	1,014	-
Legal expenses	3,113	-
Share-based payments	39,815	-
Capital raising costs	(75,656)	-
Exploration expenditure	(2,333,132)	(713,169)
	(2,890,798)	(1,163,799)
Current year tax losses not recognised	2,860,682	1,155,667
Current year temporary differences not recognised	30,116	8,132
Income tax expense	-	-
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	19,613,530	10,227,330
Potential tax benefit @ 30%	5,884,059	3,068,199
The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.		
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	35,475	30,094
Transaction costs arising on shares issued	288,861	215,641
Total deferred tax assets not recognised	324,336	245,735

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010 \$	2009 \$
Note 8. Current assets - trade and other receivables		
Other receivables	221,290	106,382
Deposits and bonds	25,630	15,630
Receivable from Pluton Operations Pty Ltd	5,677	9,189
GST receivable	1,595,846	-
	1,848,443	131,201

Deposits and bonds - should the consolidated entity not continue to operate their mining tenements, the bonds may become refundable under the terms and conditions of the agreement with the Commonwealth of Australia.

Pluton Operations Pty Ltd is the Trustee of the Pluton Operations Deferred Directors Salary Sacrifice Share Purchase Plan, which is not a related company.

Included in the GST receivable balance is \$1,307,681 recoverable that was paid on the Irvine Island project acquisition.

Impairment of receivables

The consolidated entity has recognised a loss of \$nil (2009: \$nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2010.

Past due but not impaired

At 30 June 2010 no receivables were past due or impaired (2009: \$nil).

	Consolidated	
	2010 \$	2009 \$
Note 9. Current assets - other		
Prepayments	-	1,877
Note 10. Non-current assets - property, plant and equipment		
Plant and equipment - at cost	849,120	262,758
Less: Accumulated depreciation	(178,425)	(53,952)
	670,695	208,806
Motor vehicles - at cost	17,109	17,109
Less: Accumulated depreciation	(9,187)	(7,242)
	7,922	9,867
	678,617	218,673

FOR THE YEAR ENDED 30 JUNE 2010

Note 10. Non-current assets - property, plant and equipment (continued)*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment \$	Motor vehicles \$	Total \$
Consolidated			
Balance at 1 July 2008	25,765	29,055	54,820
Additions	229,599	-	229,599
Disposals	-	(14,229)	(14,229)
Depreciation expense	(46,558)	(4,959)	(51,517)
Balance at 30 June 2009	208,806	9,867	218,673
Additions	586,362	-	586,362
Depreciation expense	(124,473)	(1,945)	(126,418)
Balance at 30 June 2010	670,695	7,922	678,617
	Consolidated		
		2010 \$	2009 \$

Note 11. Non-current assets - intangibles

Development - at cost	81,455	38,223
	81,455	38,223
Software - at cost	31,677	14,839
Less: Accumulated amortisation	(13,645)	(11,465)
	18,032	3,374
	99,487	41,597

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Development \$	Software \$	Total \$
Consolidated			
Balance at 1 July 2008	-	9,715	9,715
Additions	38,223	-	38,223
Amortisation expense	-	(6,341)	(6,341)
Balance at 30 June 2009	38,223	3,374	41,597
Additions	43,232	16,837	60,069
Amortisation expense	-	(2,179)	(2,179)
Balance at 30 June 2010	81,455	18,032	99,487

Development assets are costs for the Universal Drilling Platform.

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	\$	\$
Note 12. Non-current assets - exploration and evaluation		
Mining agreements	1,147,233	1,147,233
	1,147,233	1,147,233
Exploration and evaluation	29,237,018	6,743,391
	29,237,018	6,743,391
	30,384,251	7,890,624

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Mining agreements \$	Exploration and evaluation \$	Total \$
Consolidated			
Balance at 1 July 2008	1,147,233	4,366,092	5,513,325
Additions	-	2,377,299	2,377,299
Balance at 30 June 2009	1,147,233	6,743,391	7,890,624
Additions	-	22,493,627	22,493,627
Balance at 30 June 2010	1,147,233	29,237,018	30,384,251

Total exploration and evaluation expenditure capitalised is solely intangible. The directors have performed an impairment review and have not impaired the Mining Agreements, based on the potential for future economic benefits that may arise.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and mining of the existing mining agreements, and successful exploration activities carried out at both Irvine Island and Dove River region. Capitalised costs have been included in statement of cash flows as an investing activity.

	Consolidated	
	2010	2009
	\$	\$
Note 13. Current liabilities - trade and other payables		
Trade payables	1,232,190	112,184
GST payable	-	7,574
Other payables and accruals	97,169	84,344
	1,329,359	204,102

Refer to note 19 for detailed information on financial instruments

Note 14. Current liabilities - provisions

Employee benefits	118,251	100,313
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FOR THE YEAR ENDED 30 JUNE 2010

Note 15. Equity - contributed

	Consolidated		Consolidated	
	2010 Shares	2009 Shares	2010 \$	2009 \$
Ordinary shares - fully paid	156,049,880	78,337,680	44,578,417	13,551,962

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2008	75,396,572		9,957,927
Issue of shares	22 August 2008	2,941,108	\$1.30	3,823,440
Share issue transaction costs	22 August 2008	-	\$0.00	(229,405)
Balance	30 June 2009	78,337,680		13,551,962
Issue of shares	27 October 2009	45,750,000	\$0.40	18,300,000
Issue of shares	28 October 2009	19,462,200	\$0.45	8,757,990
Share purchase plan	24 November 2009	12,500,000	\$0.40	5,000,000
Share issue transaction costs	30 November 2009	-	\$0.00	(1,031,535)
Balance	30 June 2010	156,049,880		44,578,417

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

At the shareholders meetings each ordinary share is entitled to one vote when poll is called, otherwise each shareholder has one vote on a show of hands.

Options

Currently there are 25,396,572 (2009: 25,396,572) options on issue with an exercise price of 30 cents and an exercise date any time to 3 October 2016. These options have been issued to directors in their capacity as founders of the company prior to listing on the ASX and not compensation. Each option gives the holder the right to subscribe for one share of the company.

There was an additional 40,000 (2009: 40,000) of options on issue that was provided to a Key Management Person during the year ended 30 June 2009 at an exercise price of \$2.10.

Capital risk management

When managing capital, management's objectives are to safeguard the consolidated entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management may issue further shares on the market for the purpose of continuing its exploration activities and ensurance of an optimum working capital level. As the consolidated entity does not have any debt there is no need to monitor capital via any gearing ratio or similar at this stage.

The consolidated entity is not subject to any externally imposed capital requirements

The capital risk management policy remains unchanged from the 30 June 2009 Annual Report.

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010 \$	2009 \$
Note 16. Equity - reserves		
Options reserve	648,904	511,188
	Options \$	Total \$
Consolidated		
Balance at 1 July 2008	508,038	508,038
Share based payment expense	3,150	3,150
Balance at 30 June 2009	511,188	511,188
Share based payment expense	137,716	137,716
Balance at 30 June 2010	648,904	648,904

Option reserve

The reserve is used to recognise the value of options, including issue of performance rights under the Employee Share Option Plan, provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

	Consolidated	
	2010 \$	2009 \$
Note 17. Equity - accumulated losses		
Accumulated losses at the beginning of the financial year	(3,739,859)	(2,237,758)
Loss after income tax expense for the year	(1,753,174)	(1,502,101)
Accumulated losses at the end of the financial year	(5,493,033)	(3,739,859)

Note 18. Equity - dividends

There were no dividends paid or proposed in the current or prior year.

Note 19. Financial instruments**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The Board reviews and agrees policies for managing each of the risks identified.

The consolidated entity uses different methods to measure different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits.

Market risk**Foreign currency risk**

The transactions of the consolidated entity are predominantly in Australian dollars, therefore the consolidated entity's exposure to foreign exchange risk is minimal.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from its cash and deposit balances. The consolidated entity incurred no debt liability during the financial year ended 30 June 2010 (2009: \$nil). The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

FOR THE YEAR ENDED 30 JUNE 2010

Note 19. Financial instruments (continued)

As at the reporting date, the consolidated entity had the following variable rate interest rate risk that are not designated in cash flow hedges:

	2010		2009	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Consolidated				
Cash and cash equivalents	4.00	8,171,100	4.00	2,343,734
Net exposure to cash flow interest rate risk		8,171,100		2,343,734

An official increase/decrease in interest rates of one (2009: one) percentage point would have a favourable/adverse affect on profit before tax of \$81,711 (2009: \$24,575) per annum.

The percentage change is based on the expected volatility of interest rates using market data, historical trends over the last year and based on the consolidated entity's ongoing relationships with financial institutions.

Credit risk

Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity trades only with recognised, creditworthy third parties and high rated financial institutions to minimise the risk of default of counterparties. The maximum exposure to credit risk at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, preference shares, finance leases and committed available credit lines.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2010	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,232,190	-	-	-	1,232,190
Other payables	-	97,169	-	-	-	97,169
Total non-derivatives		1,329,359	-	-	-	1,329,359
Consolidated - 2009	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	112,184	-	-	-	112,184
Other payables	-	91,918	-	-	-	91,918
Total non-derivatives		204,102	-	-	-	204,102

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

FOR THE YEAR ENDED 30 JUNE 2010

Note 19. Financial instruments (continued)**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 20. Key management personnel disclosures**Directors**

The following persons were directors of Pluton Resources Limited during the financial year:

Malcolm Macpherson	Non-Executive Chairman
Raymond John Schoer	Non-Executive Director
Russell George Williams (appointed on 19 May 2010)	Non-Executive Director
Anthony James Schoer	Managing Director and Chief Executive Officer
Dr Alistair Ross Reed (resigned on 30 April 2010)	Executive Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

John McDougall	Senior Geologist
Pamela Kaye	General Counsel
Ben Carpenter	Project Manager

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2010	2009
	\$	\$
Short-term employee benefits	1,227,891	1,123,397
Post-employment benefits	100,461	90,750
Share-based payments	59,677	3,150
	1,388,029	1,217,297

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2010	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
<i>Ordinary shares</i>					
Malcolm Macpherson	57,308	-	163,750	-	221,058
Raymond John Schoer	4,256,649	-	273,590	-	4,530,239
Anthony James Schoer	2,517,000	-	154,790	-	2,671,790
Dr Alistair Ross Reed *	3,174,572	-	-	(3,174,572)	-
Pamela Kaye	-	-	7,175	-	7,175

FOR THE YEAR ENDED 30 JUNE 2010

Note 20. Key management personnel disclosures (continued)

2009	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
<i>Ordinary shares</i>					
Malcolm Macpherson	57,308	-	-	-	57,308
Raymond John Schoer	4,158,171	-	98,478	-	4,256,649
Anthony James Schoer	2,472,000	-	45,000	-	2,517,000
Dr Alistair Ross Reed	3,174,572	-	-	-	3,174,572
The Hon. Neville Kenneth Wran *	3,430,000	-	-	(3,430,000)	-
Albert Yue-Ling Wong *	3,400,000	-	-	(3,400,000)	-
Arun Kumar Jagatramka *	7,400,000	-	-	(7,400,000)	-

* Disposal represents individual no longer being a key management personnel.

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2010	Balance at the start of the year	Granted	Exercised	Expired/forfeited	Balance at the end of the year
<i>Ordinary shares</i>					
Raymond John Schoer	4,761,857	-	-	-	4,761,857
Anthony James Schoer	5,231,694	-	-	-	5,231,694
Dr Alistair Ross Reed *	3,174,572	-	-	(3,174,572)	-
John McDougall	40,000	-	-	-	40,000
Pamela Kaye **	-	100,000	-	-	100,000
John McDougall **	-	80,000	-	-	80,000
Ben Carpenter **	-	80,000	-	-	80,000

* Expired/forfeited represents individual no longer being a key management personnel.

** Represents performance rights issued under the Employee Share Option Plan.

2009	Balance at the start of the year	Granted	Exercised	Expired/forfeited	Balance at the end of the year
<i>Ordinary shares</i>					
Raymond John Schoer	4,761,857	-	-	-	4,761,857
Anthony James Schoer	5,231,694	-	-	-	5,231,694
Dr Alistair Ross Reed	3,174,572	-	-	-	3,174,572
John McDougall	-	40,000	-	-	40,000
The Hon. Neville Kenneth Wran *	4,761,857	-	-	(4,761,857)	-
Albert Yue-Ling Wong *	5,231,694	-	-	(5,231,694)	-
Arun Kumar Jagatramka *	2,234,898	-	-	(2,234,898)	-

* Expired/forfeited represents individual no longer being a key management personnel.

Related party transactions

Related party transactions are set out in note 24.

FOR THE YEAR ENDED 30 JUNE 2010

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company, and its related practices:

	Consolidated	
	2010 \$	2009 \$
<i>Audit services - Deloitte Touche Tohmatsu</i>		
Audit or review of the financial report	43,080	35,050
<i>Other services - Deloitte Touche Tohmatsu</i>		
Ausindustry Ready Grant audit	1,575	-
	44,655	35,050

Note 22. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2010 and 30 June 2009.

Note 23. Commitments for expenditure*Lease commitments - operating*

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	8,791	-
One to five years	3,663	-
	12,454	-

Granted exploration tenement statutory expenditure commitments (100% owned)

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	45,900	-
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Granted exploration tenement statutory expenditure commitments (joint venture)

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	20,000	10,000
One to five years	-	50,000
	20,000	60,000

Note 24. Related party transactions*Parent entity*

Pluton Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Joint ventures

Interests in joint ventures are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the directors' report.

Transactions with related parties

There were no transactions with related parties during the financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

FOR THE YEAR ENDED 30 JUNE 2010

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	2010	2009
	\$	\$
Loss after income tax	(1,744,897)	(1,499,327)
Total comprehensive income	(1,744,897)	(1,499,327)

Statement of financial position

	Parent	
	2010	2009
	\$	\$
Total current assets	10,019,543	2,476,812
Total assets	41,196,095	10,633,625
Total current liabilities	1,447,611	304,415
Total liabilities	1,447,611	304,415
Equity		
Contributed equity	44,578,417	13,551,962
Reserves	648,904	511,188
Accumulated losses	(5,478,837)	(3,733,940)
Total equity	39,748,484	10,329,210

Contingent liabilities

The parent entity had no contingent liabilities at 30 June 2010 and 30 June 2009.

Commitment for expenditure

The parent entity had no commitments for expenditure at 30 June 2010 and 30 June 2009.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment.
- Equity-settled awards by the parent to employees of subsidiaries are recognised as an increase in investment in the subsidiary with a corresponding credit to equity and not as a charge to profit or loss. The investment in subsidiary is reduced by any contribution by the subsidiary.

Note 26. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding	
		2010	2009
		%	%
Dove River Pty Ltd	Australia	100.00	100.00

FOR THE YEAR ENDED 30 JUNE 2010

Note 27. Interests in joint ventures

Interests in joint ventures are accounted for using the proportional interest method of accounting. Information relating to joint ventures is set out below:

Joint venture	Principal activities	Consolidated Percentage interest	
		2010 %	2009 %
Irvine Island project	Exploration and evaluation	-	50.00

In the prior year, the consolidated entity entered into an arrangement with Portman Iron Ore Pty Ltd to earn an exclusive right to a 50% equity interest in the Irvine Island project. In August 2009 the consolidated entity announced the acquisition of the remaining 50% interest for \$14,718,694 in shares and cash. The acquisition was completed by 30 October 2009, resulting in the project no longer being a joint venture and now 100% owned by the consolidated entity.

The project has an Exploration License and a Native Title, Heritage Protection and Mineral Exploration Agreement with the Kimberley Land Council as agents for the Mayala Claimant Group over Irvine Island in Western Australia.

Information relating to the joint venture partnership is set out below.

	Consolidated	
	2010 \$	2009 \$
<i>Share of assets and liabilities</i>		
Property, plant and equipment	-	177,617
Exploration and evaluation	-	4,831,855
Total assets	-	5,009,472
Net assets	-	5,009,472

Refer to note 23 for information on commitments for expenditure.

Note 28. Events occurring after the reporting date

Following the drilling program completed at the Cethana lease in Tasmania, the consolidated entity has an enforceable 60% interest in this lease having expended \$600,000 required to meet the farm-in requirements under the Farm-in Agreement

No other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	\$	\$
Note 29. Reconciliation of loss after income tax to net cash used in operating activities		
Loss after income tax expense for the year	(1,753,174)	(1,502,101)
Adjustments for:		
Depreciation and amortisation	128,597	57,858
Net loss on disposal of non-current assets	-	3,889
Share-based payments	137,716	3,150
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(121,396)	341,957
Decrease in other operating assets	1,877	655
Decrease in trade and other payables	(468,415)	(136,783)
Increase in other provisions	17,938	44,589
Net cash used in operating activities	(2,056,857)	(1,186,786)
Note 30. Non-cash investing and financing activities		
Share issued on acquisition of joint venture	8,757,990	-
Acquisition of joint venture	(8,757,990)	-
	-	-
Note 31. Earnings per share		
Loss after income tax attributable to the owners of Pluton Resources Limited	(1,753,174)	(1,502,101)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	129,914,258	77,917,522
Weighted average number of ordinary shares used in calculating diluted earnings per share	129,914,258	77,917,522
	Cents	Cents
Basic earnings per share	(1.35)	(1.93)
Diluted earnings per share	(1.35)	(1.93)

FOR THE YEAR ENDED 30 JUNE 2010

Note 32. Share-based payments

A director's share option plan has been established where the consolidated entity may, at the discretion of the Board, grant options over its ordinary shares to directors, senior managers and key suppliers.

An Employee Share Option Scheme has been established where the consolidated entity may, at the discretion of the Board, grant options and other performance rights over its shares to directors and employees.

Set out below are summaries of options granted under the plan:

2010

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited	Balance at the end of the year
30/11/08	30/06/11	\$2.10	40,000	-	-	-	40,000
12/02/10	12/02/13	\$0.75	-	300,000	-	-	300,000
12/02/10	12/02/14	\$1.25	-	300,000	-	-	300,000

2009

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited	Balance at the end of the year
30/11/08	30/06/11	\$2.10	-	40,000	-	-	40,000

The following share-based payment arrangements were in existence during the current and previous financial year:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
1 share option plan	40,000	30/11/2008	30/06/2011	2.10	0.08
2 employee share plan - tranche 1	300,000	12/02/2010	12/02/2013	0.75	0.28
3 employee share plan - tranche 2	300,000	12/02/2010	12/02/2014	1.25	0.29
			Series 1	Series 2	Series 3
Grant date share price (\$)			0.34	0.46	0.46
Exercise price (4)			2.10	0.75	1.25
Expected volatility			98.20%	112.80%	112.80%
Option life (years)			2.68	3	4
Risk-free interest rate			5.18%	5.62%	5.62%

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Tony Schoer
Director

7 September 2010
Melbourne

TO THE MEMBERS OF PLUTON RESOURCES LIMITED

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the Members of Pluton Resources Limited

Report on the financial report

We have audited the accompanying financial report of Pluton Resources Limited, which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 27 to 65.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu

TO THE MEMBERS OF PLUTON RESOURCES LIMITED

Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

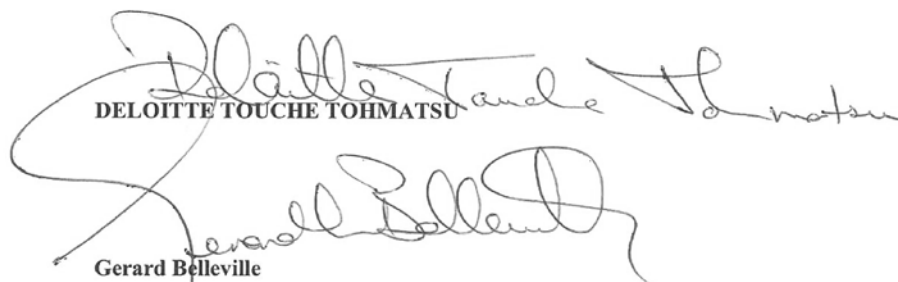
- (a) the financial report of Pluton Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Pluton Resources Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU

Gerard Belleville
Partner
Chartered Accountants
Melbourne, 7 September 2010

ANNUAL GENERAL MEETING

The annual general meeting of the company:
will be held at Westin Hotel 205 Collins Street Melbourne Victoria
time 11:00 AM
date Thursday 25 November 2010

APPLICABLE DATE

The shareholder information set out below was applicable as at: 30 September 2010

DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of equity security holders by size of holding:

	Class of equity security
	Ordinary shares
	Shares
1 to 1,000	80,662
1,001 to 5,000	1,273,313
5,001 to 10,000	2,328,295
10,001 to 100,000	30,915,406
100,001 and over	121,452,204
	156,049,880
Holding less than a marketable parcel (\$500.00)	197

EQUITY SECURITY HOLDERS

Twenty largest security holders of quoted equity securities:

Name	Ordinary shares	
	Number held	% of total shares issued
CLIFFS ASIA PACIFIC IRON ORE PTY LTD	19,462,200	12.47
J P MORGAN NOMINEES AUSTRALIA LIMITED	16,917,370	10.84
CITICORP NOMINEES PTY LIMITED	7,838,574	5.02
GUJURAT NRE COKE LTD	6,547,828	4.20
BOND STREET CUSTODIANS LIMITED <OFFICIUM EMERGING RES A/C>	5,932,450	3.80
M F CUSTODIANS LTD	5,594,300	3.58
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,722,504	2.39
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	3,507,301	2.25
SCHOER CONSULTING PTY LTD <SCHOER SUPER FUND A/C>	3,433,750	2.20
NATIONAL NOMINEES LIMITED	3,393,475	2.17
ANZ NOMINEES LIMITED <CASH INCOME A/C>	3,332,806	2.14
MR PAUL ANTHONY HENRY	2,259,516	1.45
MS FIONA SCHOER	2,222,000	1.42
COGENT NOMINEES PTY LIMITED	1,811,118	1.16
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,540,198	0.99
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,351,076	0.87
THE AUSTRALIAN NATIONAL UNIVERSITY	1,200,000	0.77
UBS NOMINEES PTY LTD	1,084,042	0.69
BRISPTOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	1,000,648	0.64
KAKULAS LEGAL PTY LTD <THE PETER B KAKULAS A/C>	866,750	0.56
	93,017,906	59.61
Total number of shares issued	156,049,880	

UNQUOTED EQUITY SECURITIES:

Class	Number issued	Number of holders
Options over ordinary shares - \$0.30 strike price, expire 3 October 2016	25,396,572	7
Options over ordinary shares - \$2.10 strike price, expire 30 November 2011	40,000	1

SUBSTANTIAL HOLDERS

Performance rights over ordinary shares:

- \$0.75 exercise price, expire 12 February 2013	240,000	6
- \$1.25 exercise price, expire 12 February 2014	240,000	6

Substantial holders in the company are set out below (5% of total voting rights, related parties):

Ordinary shares		
Name	Number held	% of total shares issued
Cliffs Asia Pacific Iron Ore Pty Ltd	19,462,200	12.47
JP Morgan Nominees Australia Limited	16,917,370	10.84
	36,379,570	23.31

VOTING RIGHTS

The voting rights attached to each class of equity securities are set out below:

Class	Rights attached
Ordinary shares	On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.