



**PIONEER RESOURCES LIMITED**  
ABN 44 103 423 981

**2013**

## **Full Financial Report**

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# PIONEER RESOURCES LIMITED

ABN 44 103 423 981

## CORPORATE DIRECTORY

### DIRECTORS

Craig Ian McGown  
*Independent Non-Executive Chairman*

David John Crook  
*Managing Director*

Allan Trench  
*Independent Non-Executive Director*

Thomas Wayne Spilsbury  
*Independent Non-Executive Director*

### JOINT COMPANY SECRETARIES

Julie Anne Wolseley  
Susan Patricia Hunter

### PRINCIPAL REGISTERED OFFICE

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### AUDITOR

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100 Railway Road  
Subiaco  
Western Australia, 6008

### SHARE REGISTRY

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### SECURITIES EXCHANGE LISTING

The Company's shares are quoted  
on the Australian Securities Exchange.  
The Home Exchange is Perth.

### ASX CODE

PIO - ordinary shares

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

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## DIRECTORS' REPORT

The Directors present their report on Pioneer Resources Limited and the entities it controlled at the end of and during the year ended 30 June 2013.

### DIRECTORS

The names and details of the Directors of Pioneer Resources Limited during the financial year and until the date of this report are:

***Craig Ian McGown* – B Comm, FCA, ASIA**  
**Independent Non-Executive Chairman**

Mr McGown was appointed a Director on 13 June 2008. Mr McGown is an investment banker with over 35 years of experience consulting to companies in Australia and internationally, particularly in the natural resources sector. He holds a Bachelor of Commerce degree, is a Fellow of the Institute of Chartered Accountants and an Affiliate of the Financial Services Institute of Australasia. Mr McGown is an executive director of the corporate advisory business New Holland Capital Pty Ltd and prior to that appointment was the chairman of DJ Carmichael Pty Limited. Mr McGown has had extensive experience in the corporate finance sector, including mergers and acquisitions, capital raisings in both domestic and international financial markets, asset acquisitions and asset disposals, initial public offerings and corporate restructurings.

Mr McGown brings to the Board a comprehensive knowledge of equity and debt markets and financing of resource projects. He is currently a Non-Executive Director of Bass Metals Limited (7 July 2004 to present). During the three year period to the end of the financial year, Mr McGown held directorships in Entek Energy Ltd (18 July 2008 to 28 February 2011) and Peel Mining Limited (1 February 2008 to 9 April 2013).

***David John Crook* – B.Sc, MAusIMM, MAICD**  
**Managing Director**

Mr Crook was appointed the inaugural Managing Director of the Company on 11 August 2003. Mr Crook is a geologist with over 30 years of experience in exploration, mining and management, predominantly within Western Australia, where he has investigated gold, nickel sulphide, nickel laterite and other commodities in teams with an excellent discovery record. He has held senior management roles including the Company's IPO, exploration management, project acquisitions, JV negotiations and capital raisings.

In Australia Mr Crook's operational experience has included tenement identification to ore reserve calculations for gold and base metal projects; and a decade engaged in operating gold mines. Prior to being employed by the Company his career highlights included participation in the discovery of the Radio Hill Nickel Mine, ore generation and early production at the Gidgee Gold Mine during the 1980-1990s and prior to being employed by the Company was the exploration manager at Heron Resources Limited for seven years.

***Allan Trench* – B.Sc (Hons), Ph.D, M.Sc (Min. Econ), MBA (Oxon), ARSM, AWASM, MAusIMM, GAICD**  
**Independent Non-Executive Director**

Dr Trench was appointed a Director on 8 September 2003. Dr Trench is a mineral economist, geophysicist and business management consultant with minerals experience including nickel, copper, gold, oil & gas and also across a number of the minor metals markets. Dr Trench led nickel sulphide exploration teams for WMC Resources in the Widgiemooltha-Pioneer and Leinster-Mt Keith regions of WA in the mid 1990's. He has subsequently worked with McKinsey and Company, KCGM Pty Ltd, Woodside Energy and with the independent mining & metals analysis global consultancy CRU Group. He is presently a Professor of Mineral Economics at the Curtin University of Technology Graduate School of Business and also Research Professor (Risk & Value) at the Centre for Exploration Targeting, University of Western Australia.

During the three year period to the end of the financial year, Dr Trench also held directorships in Navigator Resources Ltd (14 November 2005 to present), Hot Chili Ltd (19 July 2010 to present), Enterprise Metals Limited (3 April 2012 to present), Trafford Resources Limited (7 May 2012 to present), Anova Metals Limited - formerly Kimberley Rare Earths Limited (2 December 2010 to 7 February 2013) and Venturix Resources Limited (12 November 2008 to 17 April 2013). Mr Trench also holds a directorship and acts as an independent Chairman in Acadian Mining Corporation (a listed company in TSX).

***Thomas Wayne Spilsbury* – B.Sc (Hons), M.Sc (Applied Geology), APEGBC (P. Geo.), FAusIMM (CP), MAIG, GAICD**  
**Independent Non-Executive Director**

Mr Spilsbury was appointed a Director on 4 January 2010. Mr Spilsbury is a geologist who received his B.Sc. (Honors Geology) in 1973 from the University of British Columbia and his M.Sc. (Applied Geology) in 1982 from Queens University in Ontario. He brings over 35 years of experience in mineral exploration and management, including 28 years with Teck Cominco Limited and was their former General Manager, Exploration – Asia Pacific. In this role, he held responsibility for managing an extensive exploration portfolio including large-scale gold and base metal projects in Australia and China. Mr Spilsbury has worked throughout Western Canada, the United States, Asia and Australia.

Mr Spilsbury currently holds directorships in Minco Silver Corporation, GGL Resources Corp and International Lithium Corp. (all TSX listed).

# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

### JOINT COMPANY SECRETARIES

*Julie Anne Wolseley – B.Com, CA, MAICD*

Ms Wolseley was appointed Company Secretary on 11 August 2003. Ms Wolseley is the principal of a corporate advisory company with over 20 years of experience acting as company secretary to a number of ASX listed public companies operating primarily in the resources sector. Previously Ms Wolseley was an audit manager both in Australia and overseas for an international accounting firm. Ms Wolseley also holds a directorship on the board of OM Holdings Limited.

*Susan Patricia Hunter – BCom; ACA; F Fin (GDipAFin(SecInst)); MAICD(Dip); ACIS(Dip)*

Ms Hunter is the principal of a corporate advisory company with over has over 18 years' experience in the corporate finance industry. She has held senior management positions in Ernst & Young, PricewaterhouseCoopers, Bankwest and a boutique corporate advisory firm.

Ms Hunter holds a Bachelor of Commerce degree from the University of Western Australia majoring in Accounting and Finance, is a Member of the Australian Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia and a Member of the Australian Institute of Company Directors. She is also a Member of the Institute of Chartered Secretaries and Administrators and Chartered Secretaries Australia and she is currently Company Secretary for several ASX listed companies and Non-executive Director of ASX listed Dampier Gold Limited.

### PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year consisted of mineral exploration and development principally in Western Australia.

There have been no significant changes in these activities during the financial year.

### RESULTS OF OPERATIONS

The consolidated net loss after income tax for the financial year was \$1,864,896 (2012: consolidated net profit after income tax \$722,014).

### DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

### REVIEW OF OPERATIONS AND ACTIVITIES

The consolidated entity recorded an operating loss after income tax for the year ended 30 June 2013 of \$1,864,896 compared to a consolidated operating profit after income tax of \$722,014 for the year ended 30 June 2012. Included within the result for the year ended 30 June 2012 was a profit of \$2,999,625 arising from the sale of the Western Mt Jewell Gold Project.

During the year the consolidated entity incurred a total of \$4,891,206 on exploration expenditure including \$1,466,070 of acquisition costs associated with acquiring a 75% interest in the Fairwater Nickel and Gold Project (all non cash items) and all the gold and remaining nickel interests not previously held by the consolidated entity at the Golden Ridge Project (\$700,000 paid in cash). In addition the consolidated entity also acquired 100% of the gold interests in what was previously known as the Acra JV Project (all non cash items). A significant proportion of the exploration and evaluation expenditure incurred during the year ended 30 June 2013 was expended at the consolidated entity's Golden Ridge and Acra Projects in Western Australia.

During the year the Company acquired a 75% interest in the Fairwater Nickel and Gold Project from National Minerals Pty Ltd with consideration comprising 11.5 million ordinary shares at a deemed issue price of 3.5 cents per share, 15 million unlisted options exercisable at 10 cents each by 12 October 2015 and 30 million unlisted options exercisable at 30 cents each by 12 October 2017. The issue of the Company's securities to National Minerals Pty Ltd was ratified by Shareholders on 23 November 2012.

The Company also entered into an agreement with Blair Nickel Mine Pty Ltd (a wholly-owned subsidiary of Australian Mines Limited) to acquire all the gold and remaining nickel interests at the Golden Ridge Project for consideration of \$700,000.

During the financial year the Company also acquired 100% of the gold interests at the Acra JV Project from Xstrata Nickel Australasia Operations Pty Ltd ("XNAO"), in exchange for the Company assigning its 20% interest in nickel sulphide interests to XNAO with both the Company and XNAO agreeing to exchange reciprocal royalties equal to 0.5% of the net smelter return for gold and nickel (excluding nickel laterite).

# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

On 6 March 2013, the Company received a further \$1.2 million of the deferred consideration owed pursuant to the Western Mt Jewell Project Tenement Sale Agreement dated 15 May 2012. The remaining instalments due to be received by the Company under the agreement are \$1.2 million due on 6 March 2014 and the final instalment of \$1.1 million due on 6 March 2015.

Exploration write-downs totalled \$1,099,582 which related primarily to the Gindalbie, Higginsville and Acra Projects. This compared to exploration write-offs of \$950,071 recorded in the prior year ended 30 June 2012.

### Corporate and Financial Position

As at 30 June 2013 the consolidated entity had cash reserves of \$2,490,617 (2012: \$7,298,370). The movement in cash is detailed in the Statement of Cash Flows on page 14 of this report.

The consolidated entity will continue its exploration programs including further drilling programs planned at the Company's 100% owned Fairwater, Golden Ridge and Acra Projects.

### Business Strategies and Prospects

The consolidated entity currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to increase the value of the consolidated entity's mineral assets located in Western Australia through exploration success;
- (ii) Specifically advance the consolidated entity's Acra, Fairwater and Golden Ridge Projects; and
- (iii) Continue to examine new mineral opportunities, with particular focus on advanced projects with the potential to deliver early cash flow opportunities.

### Risk Management

The Board is responsible for the oversight of the consolidated entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the consolidated entity are highlighted in the Business Plan and the Corporate Risk Register presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the consolidated entity.

### EMPLOYEES

The consolidated entity employed 2 full-time employees as at 30 June 2013 (2012: 2 employees).

### SHAREHOLDER RETURNS

	2013 Cents	2012 Cents
Basic earnings/(loss) per share	(0.4)	0.2
Diluted earnings/(loss) per share	(0.4)	0.2
Share price – 30 June 2013 (30 June 2012)	1.3	1.7

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review except for:

### Shares and Options issued

The Company made the following share and option issues during the year:

- On 16 October 2012 the Company issued 11.5 million ordinary shares at a deemed issue price of 3.5 cents per share, 15 million unlisted options exercisable at 10 cents each by 12 October 2015 and 30 million unlisted options exercisable at 30 cents each by 12 October 2017 to National Minerals Pty Ltd as consideration for acquiring a 75% interest in the Fairwater Nickel and Gold Project. The share and option issues were approved by Shareholders on 23 November 2012, and the value ascribed to the shares and options together with the reimbursement of costs equates to the cost of the Fairwater Nickel and Gold Project.

# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

### OPTIONS OVER UNISSUED CAPITAL

#### *Unlisted Options*

During the financial year the Company granted the following unlisted options over unissued shares as part consideration for acquiring a 75% interest in the Fairwater Nickel and Gold Project:

Issued To	Number of Options Granted	Exercise Price per Option	Value per Option at Grant date	Value of Options Granted	Expiry Date
National Minerals Pty Ltd	15,000,000	10 cents	1.104 cents	\$120,000	15 Oct 15
National Minerals Pty Ltd	30,000,000	30 cents	1.064 cents	\$210,000	15 Oct 17
<b>Total</b>	<b>45,000,000</b>			<b>\$330,000</b>	

Since the end of the financial year the Company has not granted any unlisted options over unissued shares.

During the year a total of 750,000 unlisted options expired. No options have expired subsequent to the end of the financial year and up until the date of this report.

As at the date of this report unissued ordinary shares of the Company under option are:

	<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
	3,033,332*	8.5 cents each	30 November 2013
	3,008,332*	10 cents each	30 November 2013
	3,008,336*	12 cents each	30 November 2013
	433,333*	8.5 cents each	31 December 2013
	433,333*	10 cents each	31 December 2013
	433,334*	12 cents each	31 December 2013
	4,333,331*	3.5 cents each	30 November 2014
	4,333,331*	4.5 cents each	30 November 2014
	4,333,338*	5 cents each	30 November 2014
	15,000,000*	10 cents each	15 October 2015
	30,000,000*	30 cents each	15 October 2017
<b>TOTAL</b>	<b>68,350,000</b>		

\* unlisted options fully vested.

The above options represent unissued ordinary shares of the Company under option as at the end of the financial year and as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options granted are entered in a register kept by the Company pursuant to Section 168(1) of the *Corporations Act 2001*, and the register may be inspected free of charge.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

### CORPORATE STRUCTURE

Pioneer Resources Limited (ACN 103 423 981) is a company limited by shares that was incorporated on 17 January 2003 and is domiciled in Australia. The Company has prepared a consolidated financial report including the entity it controlled during the financial year, Western Copper Pty Ltd. Western Copper Pty Ltd (ACN 114 863 928) was incorporated on 21 June 2005. On 18 July 2012 an entity controlled by the Company was incorporated known as Golden Ridge North Kambalda Pty Ltd (ACN 159 539 983).

### EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than market announcements released to the Australian Securities Exchange since balance date.

## DIRECTORS' REPORT

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the consolidated entity.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware there has been no material breach of the consolidated entity's licence conditions and all exploration activities comply with relevant environmental regulations.

## INFORMATION ON DIRECTORS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Title	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options
Craig I McGown	Non-Executive Chairman Appointed on 13 June 2008	2,100,000	3,500,000
David J Crook	Managing Director Appointed on 11 August 2003	4,744,341	9,000,000
Allan Trench	Non-Executive Director Appointed on 8 September 2003	1,903,426	2,500,000
Thomas W Spilsbury	Non-Executive Director Appointed on 4 January 2010	750,000	2,800,000

## DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director were:

Director	Board of Directors' Meetings	
	<i>Held</i>	<i>Attended</i>
C I McGown	10	10
D J Crook	10	10
A Trench	10	10
T W Spilsbury	10	10

During the financial year there were ten general Directors' meetings for which formal notice of meeting was given.

## REMUNERATION REPORT

Recommendation 8.1 of the ASX Corporate Governance Council's second edition of its Corporate Governance Principles and Recommendations (August 2007) states that the Board should establish a Remuneration Committee. The Board has formed the view that given the number of Directors on the Board, this function could be performed just as effectively with full Board participation. Accordingly it was resolved that there would be no separate Board sub-committee for remuneration purposes.

This report details the amount and nature of remuneration of each Director of the Company. Other than Directors, there were no executive officers of the Company during the year.

## Overview of Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The overall remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide the Managing Director and the executive team with a remuneration package consisting of a fixed and variable component that together reflects the person's responsibilities, duties and personal performance. An equity based remuneration arrangement for the Board and the executive team is in place. The remuneration policy is to provide a fixed remuneration component and a specific equity related component, with no performance conditions. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration policy in regard to setting the terms and conditions for the Managing Director has been developed by the Board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.



# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

### REMUNERATION REPORT

#### Overview of Remuneration Policy (Continued)

Directors receive a superannuation guarantee contribution required by the government, which is currently 9.25% per annum and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part or all of their salary to increase payments towards superannuation.

All remuneration paid to Directors is valued at cost to the Company and expensed. Options are valued using the Black-Scholes or Binomial valuation methodology. In accordance with current accounting policy the value of these options is expensed over the relevant vesting period.

#### Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. The annual aggregate amount of remuneration paid to Non-Executive Directors was approved by shareholders on 19 November 2009 and is not to exceed \$400,000 per annum. Actual remuneration paid to the Company's Non-Executive Directors is disclosed below. Remuneration fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and have in limited circumstances received options.

On 29 November 2011 shareholders approved the issue of options to Messrs McGown, Crook, Trench and Spilsbury as part of their remuneration. The options are as outlined in Note 19(b) to the financial statements. The options had no performance conditions attached to the share based remuneration.

#### Managing Director and Senior Management

The remuneration of the Managing Director is dictated by his executive service agreement.

The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- Reward executives in line with the strategic goals and performance of the Company; and
- Ensure that total remuneration is competitive by market standards.

#### Structure

Remuneration consists of the following key elements:

- Fixed remuneration;
- Fixed remuneration levels dictated by benchmark criteria;
- Performance-based bonusable achievements; and
- Issuance of unlisted options

#### Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including any employee benefits eg. motor vehicles) as well as employer contributions to 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.

Remuneration packages for the staff who report directly to the Managing Director are based on the recommendation of the Managing Director, subject to the approval of the Board in the annual budget setting process.

#### Remuneration Benchmarks – Managing Director only

The remuneration of the Managing Director includes bonusable achievements linked to benchmarks associated with the Company's operational targets. These targets consist of a number of key performance indicators including acquisition or discovery of a significant economic mineral resource, enhancing corporate credibility and creation of value for shareholders.

At the end of the calendar year the Board assesses the actual performance of the consolidated entity and individual against the key performance indicators previously set. Any cash incentives and/or options granted require Board approval. Options proposed to be granted to the Managing Director also require shareholder approval.

# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

### REMUNERATION REPORT (CONTINUED)

#### Service Agreement

The Managing Director, Mr David Crook is employed under contract. The current Service Agreement was executed on 21 February 2012.

Under the terms of the present contract:

- The Service Agreement has no fixed term.
- Mr Crook may resign from his position and thus terminate the contract by giving two months written notice. On resignation any options that have not yet vested will lapse.
- The Company may terminate the contract by providing two months written notice or provide payment in lieu of notice by the Company. Any options that have vested, or will vest during the notice period will be released, whilst the options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unvested options will immediately lapse.
- If the Managing Director and the Company agree to terminate the contract by mutual consent, or if the Managing Director is removed, or if the Company enters into a deed of arrangement with creditors, placed under the control of receivers or is in breach of regulations, the Company will pay a sum to the Managing Director calculated in accordance with section 200G(3) of the *Corporations Act 2001*.

Details of the nature and amount of each element of the emoluments of each Director of Pioneer Resources Limited paid/accrued during the year were as follows:

#### 2013

Director	Primary			Post Employment	Equity Compensation (Non-cash)	Other	Total
	Base Emolument/Fees	Motor Vehicle	Cash Bonus	Superannuation/ Salary Sacrifice Contributions	Options	Insurance	
	\$	\$	\$	\$	\$	\$	\$
C I McGown (Non – Executive Chairman) (i)	75,000	-	-	-	-	3,825	78,825
D J Crook (Managing Director)	264,020	15,000	68,807	32,788	-	10,932	391,547
A Trench (Non-Executive Director)	50,459	-	-	4,541	-	3,825	58,825
T W Spilsbury (Non-Executive Director) (ii)	55,000	-	-	-	-	3,825	58,825
<b>Total</b>	<b>449,479</b>	<b>15,000</b>	<b>68,807</b>	<b>37,429</b>	<b>-</b>	<b>22,407</b>	<b>588,022</b>

(i) Mr McGown's fees were paid to Resource Investment Capital Advisors Pty Ltd.

(ii) Mr Spilsbury's fees were paid to GeoDuck Pty Ltd.

The movement during the year by value, of options over ordinary shares held by each of the Directors is detailed in Note 19(b) to the financial statements.

#### 2012

Director	Primary			Post Employment	Equity Compensation (Non-cash)	Other	Total
	Base Emolument/Fees	Motor Vehicle	Cash Bonus	Superannuation/ Salary Sacrifice Contributions	Options	Insurance	
	\$	\$	\$	\$	\$	\$	\$
C I McGown (Non – Executive Chairman) (i)	75,000	-	-	-	18,467	2,796	96,263
D J Crook (Managing Director)	259,649	15,000	30,000	26,068	46,167	2,796	379,680
A Trench (Non-Executive Director)	50,459	-	-	4,541	13,850	2,796	71,646
T W Spilsbury (Non-Executive Director) (ii)	48,750	-	-	-	13,850	2,796	65,396
<b>Total</b>	<b>433,858</b>	<b>15,000</b>	<b>30,000</b>	<b>30,609</b>	<b>92,334</b>	<b>11,184</b>	<b>612,985</b>

(i) and (ii) refer above.

# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

### REMUNERATION REPORT (CONTINUED)

Option remuneration as a percentage of total remuneration for the year ended 30 June 2013 for CI McGown was 0% (30 June 2012: 19%), for DJ Crook was 0% (30 June 2012: 12%), A Trench 0% (30 June 2012: 19%) and TW Spilsbury 0% (30 June 2012: 21%).

Other than the Directors disclosed above there were no other executive officers who received emoluments during the financial year ended 30 June 2013.

### ANALYSIS OF OPTIONS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION

Details of vesting profiles of the options granted as remuneration to each of the Directors affecting remuneration in the current or future reporting periods are as follows:

Director	Number of Options	Grant Date	Date Vested and Exercisable	Expiry Date	Exercise Price per Option (Cents)	Value per Option at Grant Date (Cents)	% Vested in Year
CI McGown	500,000	9 Dec 2009	30 Nov 2010	30 Nov 2013	8.5	3.36	-
	500,000	9 Dec 2009	30 Nov 2011	30 Nov 2013	10	3.32	-
	500,000	9 Dec 2009	30 Nov 2012	30 Nov 2013	12	3.25	14.08
	666,666	23 Dec 2011	30 June 2012	30 Nov 2014	3.5	1.02	-
	666,666	23 Dec 2011	30 Nov 2012	30 Nov 2014	4.5	0.90	44.48
	666,668	23 Dec 2011	30 Nov 2013	30 Nov 2014	5	0.85	51.48
DJ Crook	1,333,333	9 Dec 2009	30 Nov 2010	30 Nov 2013	8.5	3.36	-
	1,333,333	9 Dec 2009	30 Nov 2011	30 Nov 2013	10	3.32	-
	1,333,334	9 Dec 2009	30 Nov 2012	30 Nov 2013	12	3.25	14.08
	1,666,666	23 Dec 2011	30 June 2012	30 Nov 2014	3.5	1.02	-
	1,666,666	23 Dec 2011	30 Nov 2012	30 Nov 2014	4.5	0.90	44.48
	1,666,668	23 Dec 2011	30 Nov 2013	30 Nov 2014	5	0.85	51.48
A Trench	333,333	9 Dec 2009	30 Nov 2010	30 Nov 2013	8.5	3.36	-
	333,333	9 Dec 2009	30 Nov 2011	30 Nov 2013	10	3.32	-
	333,334	9 Dec 2009	30 Nov 2012	30 Nov 2013	12	3.25	14.08
	500,000	23 Dec 2011	30 June 2012	30 Nov 2014	3.5	1.02	-
	500,000	23 Dec 2011	30 Nov 2012	30 Nov 2014	4.5	0.90	44.48
	500,000	23 Dec 2011	30 Nov 2013	30 Nov 2014	5	0.85	51.48
TW Spilsbury	433,333	29 June 2010	31 Dec 2010	31 Dec 2013	8.5	2.12	-
	433,333	29 June 2010	31 Dec 2011	31 Dec 2013	10	2.07	-
	433,334	29 June 2010	31 Dec 2012	31 Dec 2013	12	2.00	20.09
	500,000	23 Dec 2011	30 June 2012	30 Nov 2014	3.5	1.02	-
	500,000	23 Dec 2011	30 Nov 2012	30 Nov 2014	4.5	0.90	44.48
	500,000	23 Dec 2011	30 Nov 2013	30 Nov 2014	5	0.85	51.48

## DIRECTORS' REPORT

### INDEMNIFYING OFFICERS AND AUDITOR

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. Disclosure of the nature of the liability cover is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

### AUDITORS' INDEPENDENCE DECLARATION

Section 370C of the *Corporations Act 2001* requires the Company's auditors Butler Settinieri (Audit) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is attached and forms part of this Directors' Report.

### NON-AUDIT SERVICES

Fees for non-audit services comprising tax services were paid/payable to Butler Settinieri Chartered Accountants during the year ended 30 June 2013 totalling \$1,250 (30 June 2012: \$Nil).

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not party to any such proceedings during the year.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Annual Report. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

DATED at Perth this 23<sup>rd</sup> September 2013

Signed in accordance with a resolution of the Directors.



**D J Crook**  
Managing Director

## AUDITOR'S INDEPENDENCE DECLARATION

Chartered  
Accountants



As lead auditor for the audit of Pioneer Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

The declaration is in respect of Pioneer Resources Limited and the entities it controlled during the year.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE  
Director

Perth

Date : 23 September 2013

BUTLER  
SETTINERI

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**Butler Settineri  
(Audit) Pty Ltd**

ACN 112 942 373

Registered Company Auditor  
Number 289109

*Liability limited by a scheme  
approved under Professional  
Standards Legislation*

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

**For the year ended 30 June 2013**

		<b>CONSOLIDATED</b>	
	<b><u>NOTE</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
		<b>\$</b>	<b>\$</b>
<b>Continuing Operations</b>			
Other income	2	<b>212,919</b>	8,162,484
Total revenue	2	<b>212,919</b>	8,162,484
Employee expenses		<b>(750,166)</b>	(813,775)
Exploration expenditure written off	3	<b>(1,099,582)</b>	(950,071)
Non-Executive Directors' fees		<b>(185,000)</b>	(178,750)
Insurance expenses		<b>(41,843)</b>	(37,364)
Rental expense on operating leases	3	<b>(101,106)</b>	(96,773)
Corporate expenses		<b>(98,519)</b>	(192,104)
Depreciation	3	<b>(31,911)</b>	(41,950)
Expense of share-based payments	3	<b>(51,881)</b>	(142,205)
Legal expenses		<b>(82,175)</b>	(126,885)
Cost base of Western Mt Jewell Gold Project		-	(5,003,376)
Public relations		<b>(67,975)</b>	(111,458)
Costs recharged to capitalised exploration		<b>101,901</b>	83,504
Employee costs recharged to capitalised exploration		<b>459,064</b>	562,158
Fair value adjustment of receivables		<b>115,000</b>	(185,000)
Other expenses	3	<b>(243,622)</b>	(206,421)
Profit/(loss) before income tax		<b>(1,864,896)</b>	722,014
Income tax	5	-	-
Net Profit/(loss) from continuing operations	16	<b>(1,864,896)</b>	722,014
Other comprehensive income		-	(9,000)
Total comprehensive income for the year attributable to members of the Company		<b>(1,864,896)</b>	713,014
<b>Earnings/(loss) per share (cents per share)</b>			
Basic earnings/(loss) per share (cents per share)	22	<b>(0.4)</b>	0.2
Diluted earnings/(loss) per share (cents per share)	22	<b>(0.4)</b>	0.2

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2013

**CONSOLIDATED**

	<b><u>NOTE</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	23(a)	<b>2,490,617</b>	7,298,370
Other receivables	6	<b>1,272,717</b>	1,270,468
Other financial assets	7	<b>36,580</b>	38,941
<b>TOTAL CURRENT ASSETS</b>		<b>3,799,914</b>	8,607,779
<b>NON-CURRENT ASSETS</b>			
Other receivables	6	<b>1,030,000</b>	2,115,000
Investments	8	-	-
Plant and equipment and motor vehicles	9	<b>70,918</b>	89,791
Capitalised mineral exploration	10	<b>7,516,267</b>	3,724,643
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,617,185</b>	5,929,434
<b>TOTAL ASSETS</b>		<b>12,417,099</b>	14,537,213
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	<b>268,352</b>	1,311,142
Provisions	12	<b>106,256</b>	103,065
<b>TOTAL CURRENT LIABILITIES</b>		<b>374,608</b>	1,414,207
<b>TOTAL LIABILITIES</b>		<b>374,608</b>	1,414,207
<b>NET ASSETS</b>		<b>12,042,491</b>	13,123,006
<b>EQUITY</b>			
Contributed equity	13(a)	<b>25,303,122</b>	24,900,622
Share option reserve	14(a)	<b>800,401</b>	446,870
Accumulated losses	15	<b>(14,061,032)</b>	(12,224,486)
<b>TOTAL EQUITY</b>	16	<b>12,042,491</b>	13,123,006

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 30 June 2013**

	<b>Notes</b>	<b>Contributed Equity</b>	<b>Share Option Reserve</b>	<b>Investment Revaluation Reserve</b>	<b>Losses</b>	<b>Total</b>
<b>BALANCE AT 1 JULY 2011</b>		22,256,587	693,422	9,000	(13,335,257)	9,623,752
<b>TOTAL COMPREHENSIVE INCOME</b>	14(b)	-	-	(9,000)	722,014	713,014
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year (net of transaction costs)	13(b)	2,644,035	-	-	-	2,644,035
Directors and employees options	14(a)	-	142,205	-	-	142,205
Transfer from share option reserve re: expired options	14(a)	-	(388,757)	-	388,757	-
<b>BALANCE AT 30 JUNE 2012</b>		24,900,622	446,870	-	(12,224,486)	13,123,006
<b>TOTAL COMPREHENSIVE INCOME</b>	14(b)	-	-	-	(1,864,896)	(1,864,896)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year re: tenement acquisition (net of transaction costs)	13(b)	402,500	-	-	-	402,500
Directors and employees options	14(a)	-	51,881	-	-	51,881
Other options issued during the year re: tenement acquisition		-	330,000	-	-	330,000
Transfer from share option reserve re: expired options	14(a)	-	(28,350)	-	28,350	-
<b>BALANCE AT 30 JUNE 2013</b>		<b>25,303,122</b>	<b>800,401</b>	<b>-</b>	<b>(14,061,032)</b>	<b>12,042,491</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*



**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS**

**For the year ended 30 June 2013**

		<b>CONSOLIDATED</b>	
	<b><u>NOTE</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Interest received		<b>196,747</b>	148,704
Other income		<b>27,190</b>	9,500
GST received on sale of Western Mt Jewel Gold Project		-	800,000
GST paid to ATO on sale of Western Mt Jewel Gold Project		<b>(800,000)</b>	-
Payments to suppliers and employees (inclusive of goods and services tax)		<b>(1,090,449)</b>	(1,037,948)
<b>Net cash used in operating activities</b>	<b>23(b)</b>	<b><u>(1,666,512)</u></b>	<b><u>(79,744)</u></b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of the Western Mt Jewell Gold Project		<b>1,200,000</b>	4,500,000
Payments for exploration and evaluation		<b>(4,328,202)</b>	(2,000,034)
Joint venture contributions received		-	110,961
Payments for plant and equipment and motor vehicles		<b>(13,039)</b>	(91,860)
<b>Net cash from/(used in) investing activities</b>		<b><u>(3,141,241)</u></b>	<b><u>2,519,067</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		-	2,746,500
Payments for transaction costs relating to the issue of shares		-	(102,465)
<b>Net cash provided by financing activities</b>		<b><u>-</u></b>	<b><u>2,644,035</u></b>
<b>Net increase / (decrease) in cash held</b>		<b><u>(4,807,753)</u></b>	<b><u>5,083,358</u></b>
<b>Cash at the beginning of the financial year</b>		<b><u>7,298,370</u></b>	<b><u>2,215,012</u></b>
<b>Cash at the end of the financial year</b>	<b>23(a)</b>	<b><u>2,490,617</u></b>	<b><u>7,298,370</u></b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Pioneer Resources Limited and its controlled entities ("consolidated entity"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated. Separate financial statements for Pioneer Resources Limited as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*, however, required financial information for Pioneer Resources Limited is included in Note 25.

Pioneer Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange. The Company is a for profit entity. The financial statements are presented in Australian dollars which is the Company's functional currency.

#### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors on 27 September 2013.

#### (b) Statement of Compliance

The Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS').

#### (c) Basis of Consolidation

##### ***Controlled Entity***

The consolidated financial statements comprise the financial statements of Pioneer Resources Limited and its subsidiaries as at 30 June each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. The subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and ceases to be consolidated from the date on which control is transferred out of the consolidated entity.

The acquisition of the subsidiaries have been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of the subsidiary for the period from their acquisition.

##### **Joint ventures**

Joint ventures are those entities over whose activities the consolidated entity has joint control, established by contractual agreement.

In the consolidated entity's financial statements, investments in joint ventures are carried at cost. Details of these interests are shown in Note 18.

Interests in joint ventures have been brought to account by including the appropriate share of the relevant assets, liabilities and costs of the joint ventures in their relevant categories in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Significant Accounting Judgements, Estimates and Assumptions

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 7 – Financial assets and investments  
Available for sale financial assets, comprising marketable securities are assets which management may dispose of within the next 12 months.
- Note 10 – Capitalised Mineral Expenditure  
The accounting policy for exploration and evaluation expenditure is set out in Note 1 (k). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the consolidated entity is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to profit and loss.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### *Share-based payment transactions:*

The consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes or Binomial valuation model, using the assumptions detailed in Note 13(d).

#### (e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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 which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) **Income Tax**

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

For the purposes of income taxation, Pioneer Resources Limited and its 100% wholly-owned controlled entities have not formed a tax consolidated group. There is no material effect on the future income taxation benefits as a result.

(f) **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

*Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Tenement bonds in the form of cash deposits are held as security with the Mines Department authorities.

All revenue is stated net of the amount of goods and services tax (GST).

(g) **Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprises cash at bank and on hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

(h) **Trade and Other Receivables**

Receivables which generally have 30-90 day terms, are recognised and carried at original invoice amount less if required an allowance for any uncollectible amounts.

Non-current loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The consolidated entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as either financial assets at fair value through profit or loss, loans and receivables or held to maturity investments. After initial recognition available for sale investments are measured at fair value with gains or losses being recognised directly in equity, until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to maturity when the consolidated entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables (including receivables owed by Kalnorth Gold Mines Limited)

Trade receivables, loans, and other receivables are recorded at amortised cost, using the effective interest method less impairment. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

With respect to the receivable amounts owing from Kalnorth Gold Mines Limited under the Western Mt Jewell Project Tenement Sale Agreement an assessment has been made to determine whether there is objective evidence that the amounts receivable (both current and non-current) are impaired at the reporting date.

Such a financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that such financial assets are impaired includes default or delinquency by the debtor, restructuring of an amount due to the consolidated entity on terms that the consolidated entity would not consider otherwise, indications that the debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the consolidated entity, economic conditions that correlate with defaults or the disappearance of an active market for a security.

At the reporting date there has been no objective evidence of impairment compared to the initial recognition of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

*Plant and equipment*

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

*Depreciation*

Depreciable non-current assets, are depreciated over their expected economic life using either the straight line or the diminishing value method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- Plant and equipment 20 - 33%
- Motor vehicles 22.5%

(k) Exploration and Evaluation Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a mineral resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Exploration and Evaluation Expenditure (Continued)

Exploration and evaluation assets are assessed for impairment if:

- (i) sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (refer impairment accounting policy Note 1 (l) below).

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then re-classified from intangible assets to mining property and development assets within property, plant and equipment.

(l) Impairment of Assets

At each reporting date the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(m) Employee Entitlements

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognised in other payables 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Liabilities for long service leave are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Contributed Equity

Issued capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Earnings per Share

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

(r) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

(s) Share-based payment transactions

The consolidated entity provides benefits to employees (including Directors) of the consolidated entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("Equity-settled transactions").

There is currently one plan in place to provide these benefits being an Employee Share Option Plan ("ESOP") which provides benefits to Directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes or Binomial option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Pioneer Resources Ltd ("market conditions").

The cost of equity settled securities is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

Where the consolidated entity acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.



# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (t) Adoption of New and Revised Standards – Changes in Accounting Policies on initial application of Accounting Standards

In the year ended 30 June 2013, the Board has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Board that there is no material impact of the new and revised Standards and Interpretations on its business and therefore, no change is necessary to the consolidated entity's accounting policies.

#### Accounting Standards and Interpretations issued but not yet effective

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the year ended 30 June 2013. The impact of these recently issued or amended Standards and Interpretation have not been determined as yet by the consolidated entity.

Standard / Interpretation	Effective for annual reporting periods beginning/ending on or after	Expected to be applied by consolidated entity
AASB 10 Consolidated Financial Statements	1 January 2013	30 June 2014
AASB 11 Joint Arrangements	1 January 2013	30 June 2014
AASB 12 Disclosure of Interests in Other Entities	1 January 2013	30 June 2014
AASB 13 and AASB 2011-8 Fair Value Measurement	1 January 2013	30 June 2014
AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)	1 January 2013	30 June 2014
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	30 June 2014
AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015	30 June 2016
AASB 127 'Separate Financial Statements' (2011), AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards.	1 January 2013	30 June 2014
AASB 2012 Disclosure of Interests in Other Entities	1 January 2013	30 June 2012
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 January 2013	30 June 2014
AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013	30 June 2014
AASB 2013-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2013	30 June 2014

# **PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2013**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(u) Capital Management**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain the capital structure to reduce the cost of capital. The net assets of the consolidated entity are equivalent to capital. Net capital is obtained through capital raising initiatives on the Australian Securities Exchange or the sale of assets.

The Board of Directors reviews the requirement for capital on a regular basis. However, at present no formal targets are in place for a return on capital, or for gearing ratios, as the consolidated entity has not derived any income from its mineral exploration and currently has no debt facilities in place.

#### **(v) Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

#### **(w) Comparative Figures**

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2013**

	<b>CONSOLIDATED</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$</b>	<b>\$</b>
<b>2. OTHER INCOME</b>		
Other Income		
Proceeds on sale of Western Mt Jewell Gold Project	-	8,000,000
Interest	<b>185,729</b>	152,984
Other income	<b>27,190</b>	9,500
	<b><u>212,919</u></b>	<b><u>8,162,484</u></b>
<b>3. (a) EXPENSES</b>		
Exploration expenditure written off	<b>1,099,582</b>	950,071
Contributions to employees superannuation plans	<b>63,644</b>	66,526
Depreciation - Plant and equipment	<b>21,168</b>	34,768
- Motor vehicles	<b>10,744</b>	7,182
Rental expense on operating leases	<b>101,106</b>	96,773
Share based payments expense	<b>51,881</b>	142,205
(Reversal of)/provision for employee entitlements	<b>17,928</b>	(15,258)
<b>(b) OTHER EXPENSES</b>		
Computer software/support	<b>19,062</b>	24,395
Other direct operating expenses	<b>224,560</b>	182,026
	<b><u>243,622</u></b>	<b><u>206,421</u></b>
<b>4. AUDITORS' REMUNERATION</b>		
<b>Audit Services</b>		
<i>Butler Settineri (Audit) Pty Ltd</i>		
Audit and review of the consolidated entity's financial statements	<b>29,199</b>	20,318
<b>Other Services</b>		
<i>Butler Settineri Chartered Accountants</i>		
Other services	<b>1,250</b>	-
	<b><u>30,449</u></b>	<b><u>20,318</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

## 5. INCOME TAX

No income tax is payable by the consolidated entity as it has incurred losses for income tax purposes for the year, so current tax, deferred tax and tax expense is \$Nil (2012 - \$Nil).

## (a) Tax expense

	CONSOLIDATED	
	2013	2012
	\$	\$
Current tax expense – current period	-	-
Deferred tax expense	-	-

## (b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit/(loss) from continuing operations	(1,864,896)	722,014
Tax at the Australian tax rate of 30% (2012:30%)	(559,469)	216,604
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments expense	15,564	42,661
Other non-deductible expenditure	26,026	101,792
Deductible capital raising costs	(28,171)	(30,655)
Deferred tax asset not brought to account	546,050	(330,402)
Income tax expense	-	-

## (c) Tax losses

Total tax losses for which no deferred tax asset has been recognised	24,758,586	20,501,121
Potential tax benefit at 30%	7,427,576	6,150,336

The consolidated entity has not entered into a tax consolidated group, and there has been no impact on the tax position as a consequence.

CONSOLIDATED	
2013	2012
\$	\$

## (d) Unbooked Deferred Tax Assets and Liabilities

Unbooked deferred tax assets comprise:

Capital raising costs	43,991	72,161
Leave provisions	31,877	30,920
Tax losses available for offset against future taxable income	7,427,576	6,150,336
	7,503,444	6,253,417

Unbooked deferred tax liabilities comprise:

Capitalised mineral exploration and evaluation expenditure	2,301,320	1,117,393
Prepayments	10,479	11,097
	2,311,799	1,128,490

## (e) Franking credits balance

The consolidated entity has no franking credits available as at 30 June 2013 (2012: \$Nil).

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2013**

	<b>CONSOLIDATED</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$</b>	<b>\$</b>
<b>6. OTHER RECEIVABLES</b>		
<b>Current</b>		
Amount due from Kalnorth Gold Mines Limited (i)	<b>1,200,000</b>	1,200,000
GST recoverable	<b>14,491</b>	-
Tenement and rental bonds	<b>54,500</b>	54,500
Accrued interest	<b>3,726</b>	14,744
Other receivables	<b>-</b>	1,224
	<b><u>1,272,717</u></b>	<b><u>1,270,468</u></b>

**Non-Current**

	<b>CONSOLIDATED</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$</b>	<b>\$</b>
Amount due from Kalnorth Gold Mines Limited (i)	<b>1,030,000</b>	2,115,000
	<b><u>1,030,000</u></b>	<b><u>2,115,000</u></b>

(i) Pursuant to the Western Mt Jewell Project Tenement Sale Agreement dated 15 May 2012, between the Company and Kalnorth Gold Mines Limited, the Company sold its 100% legal and beneficial interest in the exploration licences, prospecting licences and a mining lease application which comprised the Western Mt Jewell Gold Project, together with all drilling results and other information regarding the Western Mt Jewell Gold Project for total consideration of \$8 million staged over four instalments, as follows:

- a. the first instalment, comprised \$4.5 million which was received on completion of the transaction on 5 June 2012;
- b. the second instalment of \$1.2m which was received on 5 March 2013;
- c. the third instalment of \$1.2 million due on 6 March 2014; and
- d. a final instalment of \$1.1 million due on 6 March 2015.

(ii) The total due from KalNorth Gold Mines Ltd above has been discounted in accordance with Australian Accounting Standards.

**7. OTHER FINANCIAL ASSETS**

**Current**

	<b>CONSOLIDATED</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$</b>	<b>\$</b>
Prepayments	<b>34,930</b>	36,991
Available-for-sale investments carried at fair value:		
Investment in listed company – Bass Metals Limited (i)	<b>1,650</b>	1,950
	<b><u>1,650</u></b>	<b><u>1,950</u></b>
	<b><u>31,580</u></b>	<b><u>38,941</u></b>

- (i) As at 30 June 2013 (and 30 June 2012) the Company held 150,000 ordinary shares in Bass Metals Limited. The fair value is determined at balance date by reference to the quoted closing share price on the ASX.

# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### 8. INVESTMENTS

#### Non-Current

Pioneer Resources Limited holds investments in Western Copper Pty Ltd and the investment is held at cost of \$5 (30 June 2012: \$5), Golden Ridge North Kambalda Pty Ltd was incorporated during the year ended 30 June 2013 and is held at a cost of \$5.

#### Particulars in relation to the controlled entity

Pioneer Resources Limited is the parent entity.

Name of Controlled entity	Class of Shares	Equity Holding	
		2013	2012
Western Copper Pty Ltd <sup>(1)</sup>	Ordinary	100%	100%
Golden Ridge North Kambalda Pty Ltd <sup>(2)</sup>	Ordinary	100%	-

<sup>(1)</sup> Western Copper Pty Ltd was incorporated in Australia on 21 June 2005.

<sup>(2)</sup> Golden Ridge North Kambalda Pty Ltd (ACN 159 539 983) was incorporated in Australia on 18 July 2012 and is a wholly-owned controlled entity of the Company.

#### CONSOLIDATED

2013	2012
\$	\$

### 9. PLANT AND EQUIPMENT AND MOTOR VEHICLES

Plant and office equipment

At cost	325,459	312,421
Accumulated depreciation	(287,074)	(265,906)
	<u>38,385</u>	<u>46,515</u>

Motor vehicles

At cost	178,476	228,425
Accumulated depreciation	(145,943)	(185,149)
	<u>32,533</u>	<u>43,276</u>
	<u>70,918</u>	<u>89,791</u>

#### Reconciliation

Reconciliation of the carrying amounts for each class of plant and equipment and motor vehicles are set out below:

##### *Plant and office equipment*

Carrying amount at beginning of the year	46,515	37,176
Additions	13,038	44,107
Depreciation	(21,168)	(34,768)
Carrying amount at the end of the year	<u>38,385</u>	<u>46,515</u>

##### *Motor vehicles*

Carrying amount at beginning of the year	43,276	2,705
Additions	-	47,753
Disposals <sup>(1)</sup>	-	-
Depreciation	(10,743)	(7,182)
Carrying amount at the end of the year	<u>32,533</u>	<u>43,276</u>

<sup>(1)</sup> A fully written down motor vehicle was written off and proceeds were received from an insurance claim during the year.

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2013**

	<b>CONSOLIDATED</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$</b>	<b>\$</b>
<b>10. CAPITALISED MINERAL EXPLORATION</b>		
<b>Non-Current</b>		
<i>In the exploration and evaluation phase</i>		
Cost brought forward	3,724,643	7,668,798
Add: Expenditure incurred during the year (at cost)	3,425,136	2,116,869
Less: Joint venture contributions called on projects which the consolidated entity is managing	-	(107,577)
Add: Acquisition costs of Fairwater and Golden Ridge Projects during the year	1,466,070	-
Tenements disposed of during the year	-	(5,003,376)
Exploration expenditure written off	<u>(1,099,582)</u>	<u>(950,071)</u>
	<b><u>7,516,267</u></b>	<b><u>3,724,643</u></b>

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

	<b>CONSOLIDATED</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$</b>	<b>\$</b>
<b>11. TRADE AND OTHER PAYABLES</b>		
<b>Current (Unsecured)</b>		
Net GST payable (i)	-	743,211
Trade creditors (ii)	224,977	429,838
Other creditors and accruals (ii)	43,375	123,155
Amounts owed to Directors and/or Director-related entities (iii)	<u>-</u>	<u>14,938</u>
	<b><u>268,352</u></b>	<b><u>1,311,142</u></b>

- (i) Included within the net GST payable in 2012 was \$800,000 of GST payable to the Australian Taxation Office received from the sale to Kalnorth Gold Mines Limited of the Western Mt Jewell Gold Project.
- (ii) A total of \$144,583 (30 June 2012:\$314,078) related to exploration expenditure and \$18,000 (30 June 2012: \$18,000) related to an environmental bond owed to Heron Resources Limited.
- (iii) Further information relating to amounts owed to Director-related entities is disclosed in Note 19(d).

	<b>CONSOLIDATED</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$</b>	<b>\$</b>
<b>12. PROVISIONS</b>		
<b>Current</b>		
Employee entitlements	<u>106,256</u>	<u>103,065</u>
Number of full time employees at year end	<u><u>2</u></u>	<u><u>2</u></u>

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2013**

**13. CONTRIBUTED EQUITY**

**The Company**

<u><b>2013</b></u>	<u><b>2012</b></u>
<b>\$</b>	<b>\$</b>

**(a) Ordinary Shares**

521,974,885 (2012: 510,474,885) ordinary shares	<b>25,303,122</b>	24,900,622
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Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares have no par value and entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**(b) Share Movements During the Year**

	<b>2013</b>		<b>2012</b>	
	<b>Number of Shares</b>	<b>\$</b>	<b>Number of Shares</b>	<b>\$</b>
Beginning of the financial year	<b>510,474,885</b>	<b>24,900,622</b>	400,614,885	22,256,587
<i><b>Share issues during the year</b></i>				
Share Issue (i)	<b>11,500,000</b>	<b>402,500</b>	-	-
Share Issue (ii)	-	-	60,000,000	1,500,000
Share Issue (iii)	-	-	49,860,000	1,246,500
Less: Share issue costs	-	-		(102,465)
	<b>521,974,885</b>	<b>25,303,122</b>	510,474,885	24,900,622

- (i) On 16<sup>th</sup> October 2012, the Company issued a total of 11,500,000 ordinary shares to acquire a 75% interest in the Fairwater Nickel and Gold Project from National Minerals Pty Ltd with a deemed issue price of 3.5 cents per share.
- (ii) On 4 November 2011 and 7 November 2011, the Company issued a total of 51,000,000 and 9,000,000 ordinary shares respectively, at an issue price of 2.5 cents each following completion of a share placement.
- (iii) On 5 December 2011 the Company issued a total of 49,860,000 ordinary shares at an issue price of 2.5 cents each following an offer from the Company's Share Purchase Plan.



**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2013**

**13. CONTRIBUTED EQUITY**

**(c) Unlisted Options**

During the financial year the Company granted the following unlisted options over unissued shares:

<b>Issued To</b>	<b>Number of Options Granted</b>	<b>Exercise Price per Option</b>	<b>Value per Option at Grant date</b>	<b>Value of Options Granted</b>	<b>Expiry Date</b>
National Minerals Pty Ltd	15,000,000	10 cents	1.104 cents	\$120,000	15 Oct 15
National Minerals Pty Ltd	30,000,000	30 cents	1.064 cents	\$210,000	15 Oct 17
<b>Total</b>	<b>45,000,000</b>			<b>\$330,000</b>	

Since the end of the financial year the Company has not granted any unlisted options over unissued shares.

During the year a total of 750,000 unlisted options expired.

As at the 30 June 2013 unissued ordinary shares of the Company under option are:

<i><b>Number of Options</b></i>	<i><b>Exercise Price</b></i>	<i><b>Expiry Date</b></i>
3,033,332*	8.5 cents each	30 November 2013
3,008,332*	10 cents each	30 November 2013
3,008,336*	12 cents each	30 November 2013
433,333*	8.5 cents each	31 December 2013
433,333*	10 cents each	31 December 2013
433,334*	12 cents each	31 December 2013
4,333,331*	3.5 cents each	30 November 2014
4,333,331*	4.5 cents each	30 November 2014
4,333,338*	5 cents each	30 November 2014
15,000,000*	10 cents each	15 October 2015
30,000,000*	30 cents each	15 October 2017
<b>TOTAL</b>	<b>68,350,000</b>	

\* unlisted options fully vested.

***Pioneer Resources Limited Directors, Officers, Employees and Other Permitted Persons Option Plan ("the Plan")***

Details of additional options that could be issued under the Plan are set out in Note 17.

# PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### 13. CONTRIBUTED EQUITY (Continued)

#### (d) Share Based Payments

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in Note 3(a).

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	2013 No.	2013 Weighted average exercise price	2012 No.	2012 Weighted average exercise price
Outstanding at the beginning of the year	25,100,000	7 cents	20,450,000	13 cents
Granted during the year	45,000,000	23.3 cents	13,000,000	4 cents
Exercised during the year	-	-	-	-
Expired during the year	(1,750,000)	22 cents	(8,350,000)	17 cents
Outstanding at the end of the year	68,350,000	17.4 cents	25,100,000	7 cents
Exercisable at the end of the year	68,350,000	17.4 cents	12,658,327	8 cents

The outstanding balance as at 30 June 2013 is further detailed in Note 13(c).

The average remaining contractual life for the share options outstanding as at 30 June 2013 is between 0.4 years and 4.3 years (2012: 1 years and 2.4 years).

The range of exercise prices for options outstanding at the end of the year was 3.5 cents and 30 cents. (2012: 3.5 cents and 22 cents).

The fair value of options granted during the year ended 30 June 2013 was \$330,000. The fair value of options granted during the year ended 30 June 2012 was \$120,033.

The fair value of the equity-settled share options granted in the purchase of the Fairwater Nickel and Gold Project has been calculated by an independent expert and is estimated as at the date of grant using a Binomial option model taking into account the terms and conditions upon which the options were granted as follows:

Item	Class A	Class 2
Underlying Security spot price	\$0.029	\$0.029
Exercise Price	\$0.10	\$0.30
Grant Date	23 November 2012	23 November 2012
Expiration date	15 October 2015	15 October 2017
Life of Options (years)	2.88	4.89
Volatility	85%	85%
Risk Free Rate	2.742%	2.881%
Number of Options	15,000,000	30,000,000
Valuation per Option	\$0.008	\$0.007
Valuation per Class	\$120,000	\$210,000

#### (e) Terms and Conditions of Contributed Equity

##### *Ordinary Shares*

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them. Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2013**

		<b>CONSOLIDATED</b>	
		<b><u>2013</u></b>	<b><u>2012</u></b>
		<b>\$</b>	<b>\$</b>
<b>14. RESERVES</b>			
<b>(a) Share Option Reserve</b>			
Opening balance	<b>446,870</b>	693,422	
Options issued during the year re: Fairwater Project	<b>330,000</b>	-	
Options vested during the year	<b>51,881</b>	142,205	
Transfer from share option reserve re: expired options	<b>(28,350)</b>	(388,757)	
Closing balance	<b><u>800,401</u></b>	<b><u>446,870</u></b>	
The reserve reflects the value of options issued to Directors, employees, consultants and third parties with respect to exploration tenement acquisitions.			
<b>(b) Investments Revaluation Reserve</b>			
Opening balance	-	9,000	
Valuation gain/(loss) recognised	-	<u>(9,000)</u>	
Closing balance	<u>-</u>	<u>-</u>	
The investments revaluation reserve arises on the revaluation of available-for-sale financial assets.			
<b>15. ACCUMULATED LOSSES</b>			
Accumulated losses at the beginning of the year	<b>12,224,486</b>	13,335,257	
Net (profit)/loss attributable to members	<b>1,864,896</b>	(722,014)	
Transfer from share option reserve re: expired options	<b>(28,350)</b>	(388,757)	
Accumulated losses at the end of the year	<b><u>14,061,032</u></b>	<b><u>12,224,486</u></b>	
		<b><u>2013</u></b>	<b><u>2012</u></b>
		<b>\$</b>	<b>\$</b>
<b>16. TOTAL EQUITY RECONCILIATION</b>			
Total equity at the beginning of the year	<b>13,123,006</b>	9,623,752	
Add: Contributions of equity	<b>402,500</b>	2,746,500	
Less: Cost of contributions of equity	-	(102,465)	
Add: Share option reserve	<b>381,881</b>	142,205	
Add/(Less): Investments revaluation reserve	-	(9,000)	
Add: Share of operating profit/(loss)	<b><u>(1,864,896)</u></b>	<u>722,014</u>	
Total equity at the end of the year	<b><u>12,042,491</u></b>	<b><u>13,123,006</u></b>	
<b>17. OPTION PLAN</b>			

The establishment of the Pioneer Resources Limited Directors, Officers, Employees and Other Permitted Persons Option Plan ("the Plan") was approved by ordinary resolution at the Annual General Meeting of shareholders of the Company held on 29 November 2011. All eligible Directors, executive officers, employees and consultants of Pioneer Resources Limited who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price calculated in accordance with the Plan.

Options issued under the Plan may have a vesting period prior to exercise, except under certain circumstances whereby options may be capable of exercise prior to the expiry of the vesting period.

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2013**

**18. INTERESTS IN JOINT VENTURES/ PROJECTS SUBJECT TO THIRD PARTY FUNDING**

Joint venture and other sale and purchase agreements have been entered into with third parties, whereby the third parties have earned an interest in exploration areas by expending specified amounts in the exploration areas or through acquisition. The third parties percentage interest in the future output of the joint ventures or through project acquisition and the requirement to fund, if all its obligations are fulfilled are as follows:

<b>Project</b>	<b>Joint Venture Partner or Third Party Holder</b>	<b>Third Party Participating Equity at 30 June 2013</b>
Acra	Xstrata Nickel Australasia Operations Pty Ltd	100% Nickel Sulphide, 0.5%NSR gold
	Heron Resources Limited	100% Nickel Laterite
Balagundi	Alphabrass Pty Ltd	Entitlement to earn 80% by expending \$2 million
Larkinville	Ramelius Resources Limited (subject to an assignment to Ero Mining Limited)	75% on gold minerals and 80% on nickel minerals
Wattle Dam	Ramelius Resources Limited	100% on gold minerals and 80% on nickel minerals
Maggie Hays Hill	Lake Johnston Pty Ltd	80%
Pioneer	Panoramic Resources Limited	80%
Ravensthorpe	Mineral Resources Limited	100% with the Company entitled to a royalty on iron and manganese
Ravensthorpe	Silver Lake Resources Limited	100% with the Company entitled to a 1.5% royalty on base/precious metals
Tasmania	Bass Metals Limited, Venture Minerals Limited	100% with the Company entitled to a 2% royalty on base/precious metals

There are no assets employed by these joint ventures and the consolidated entity's expenditure in respect of its participation is brought to account initially as capitalised exploration and evaluation expenditure.

There were no capital commitments or contingent liabilities arising out of the consolidated entity's joint venture activities as at 30 June 2013.

**19. RELATED PARTY DISCLOSURES**

**(a) Remuneration of Specified Directors and Specified Executives by the Consolidated Entity**

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the consolidated entity.

Further information on remuneration of Specified Directors is outlined in the Remuneration Report.

The following table provides the details of all Directors of the Company ("Specified Directors") and the nature and amount of the elements of their remuneration for the year ended 30 June 2013. There are no "Specified Executives" that are involved in the strategic direction of the consolidated entity, as this role is undertaken by the Managing Director and the Non-Executive Directors.

**2013**

<b>Director</b>	<b>Primary</b>			<b>Post Employment</b>	<b>Equity Compensation</b>	<b>Other</b>	<b>Total</b>
	<b>Base Remuneration /Fees \$</b>	<b>Motor Vehicle \$</b>	<b>Cash Bonus \$</b>	<b>Superannuation/ Salary Sacrifice Contributions \$</b>	<b>Options \$</b>	<b>Insurance \$</b>	
C I McGown (i)	75,000	-	-	-	-	3,825	78,825
D J Crook (ii)	264,020	15,000	68,807	32,788	-	10,932	391,547
A Trench	50,459	-	-	4,541	-	3,825	58,825
T W Spilsbury (iii)	55,000	-	-	-	-	3,825	58,825
	449,479	15,000	68,807	37,329	-	22,407	588,022

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

19. RELATED PARTY DISCLOSURES (Continued)

(a) Remuneration of Specified Directors and Specified Executives by the Consolidated Entity

2012

Director	Primary			Post Employment	Equity Compensation	Other	Total
	Base Remuneration /Fees \$	Motor Vehicle \$	Other Benefits (Cash) \$	Superannuation/ Salary Sacrifice Contributions \$	Options (iv) \$	Insurance \$	
C I McGown (i)	75,000	-	-	-	18,467	2,796	96,263
D J Crook (ii)	259,649	15,000	30,000	26,068	46,167	2,796	379,680
A Trench	50,459	-	-	4,541	13,850	2,796	71,646
T W Spilsbury (iii)	48,750	-	-	-	13,850	2,796	65,396
	433,858	15,000	30,000	30,609	92,334	11,184	612,985

(i) Mr McGown's fees were paid to an entity Resource Investment Capital Advisors Pty Ltd.

(ii) Mr Crook was employed under a Service Agreement which commenced on 1 January 2004 and which was superceded by a Service Agreement dated 21 February 2012.

(iii) Mr Spilsbury's fees were paid to an entity GeoDuck Pty Ltd.

(iv) The above options were approved in the Company's Annual General Meeting held on 29 November 2011.

There were no loans made to any Directors at 30 June 2013 (30 June 2012: \$Nil).

**Other Director Related Party Transactions**

During the year ended 30 June 2013 payments totalling \$18,668 (30 June 2012: \$25,871) were paid as employee expenses and superannuation for exploration field assistance work undertaken by three sons of the Managing Director, Mr Crook.

**(b) Equity Instruments**

All options refer to options over ordinary shares of Pioneer Resources Limited, which are exercisable on a one for one basis.

***Options over equity instruments granted as remuneration***

During the financial year ended 30 June 2013 the Company did not grant any unlisted options over unissued shares to Specified Directors as part of their remuneration.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

## 19. RELATED PARTY DISCLOSURES (Continued)

## (b) Equity Instruments (Continued)

During the financial year ended 30 June 2012 and following shareholder approval obtained on 29 November 2011, the Company granted the following unlisted options over unissued shares for \$Nil consideration to Specified Directors as part of their remuneration:

Director	Total Granted Number	Vested Number at 30 June 2012	Terms and Conditions for each Grant					
			Grant Date	Fair Value per option at grant date (cents)	Exercise price per option (cents)	Expiry Date	First Exercise Date	Last Exercise Date
CI McGown	666,666	666,666	23 Dec 2011	1.02	3.5	30 Nov 2014	30 June 2012	30 Nov 2014
CI McGown	666,666	-	23 Dec 2011	0.9	4.5	30 Nov 2014	30 Nov 2012	30 Nov 2014
CI McGown	666,668	-	23 Dec 2011	0.85	5	30 Nov 2014	30 Nov 2013	30 Nov 2014
DJ Crook	1,666,666	1,666,666	23 Dec 2011	1.02	3.5	30 Nov 2014	30 June 2012	30 Nov 2014
DJ Crook	1,666,666	-	23 Dec 2011	0.9	4.5	30 Nov 2014	30 Nov 2012	30 Nov 2014
DJ Crook	1,666,668	-	23 Dec 2011	0.85	5	30 Nov 2014	30 Nov 2013	30 Nov 2014
A Trench	500,000	500,000	23 Dec 2011	1.02	3.5	30 Nov 2014	30 June 2012	30 Nov 2014
A Trench	500,000	-	23 Dec 2011	0.9	4.5	30 Nov 2014	30 Nov 2012	30 Nov 2014
A Trench	500,000	-	23 Dec 2011	0.85	5	30 Nov 2014	30 Nov 2013	30 Nov 2014
TW Spilsbury	500,000	500,000	23 Dec 2011	1.02	3.5	30 Nov 2014	30 June 2012	30 Nov 2014
TW Spilsbury	500,000	-	23 Dec 2011	0.9	4.5	30 Nov 2014	30 Nov 2012	30 Nov 2014
TW Spilsbury	500,000	-	23 Dec 2011	0.85	5	30 Nov 2014	30 Nov 2013	30 Nov 2014

When exercisable each option is convertible into one ordinary share of the Company. No options were exercised during the year ended 30 June 2013.

During the year ended 30 June 2012 options issued had no performance conditions attached.

## (c) Specified Directors' Share and Option holdings

The aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Specified Directors of the Company or their personally-related entities are as follows:

Specified Directors	Ordinary Shares				Unlisted Options			
	1 July 2012	Purchases	Disposals/ Transfers	30 June 2013	1 July 2012	Granted Options	Expired Options	30 June 2013
Craig McGown	2,100,000	-	-	2,100,000	4,250,000	-	(750,000)	3,500,000
David J Crook	4,534,341	250,000	(40,000) <sup>(i)</sup>	4,744,341	9,000,000	-	-	9,000,000
Allan Trench	1,903,426	-	-	1,903,426	2,500,000	-	-	2,500,000
Thomas Spilsbury	750,000	-	-	750,000	2,800,000	-	-	2,800,000

<sup>(i)</sup> Mr Crook ceased to have a relevant interest in 40,000 ordinary shares during the year ended 30 June 2013.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

19. RELATED PARTY DISCLOSURES (Continued)

(c) Specified Directors' Share and Option holdings (Continued)

A number of Specified Directors hold positions in other personally-related entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these personally-related entities transacted with the Company during the reporting period with respect to the payment of Non-Executive Directors' fees. The terms and conditions of those transactions were no more favourable than those available, or might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis. Refer Note 19(a) for further information.

(d) Payables to Directors of the Company and their Director-related entities

	<u>2013</u>	<u>2012</u>
	\$	\$
Aggregate amount payable at balance date:		
Current accounts payable and accruals	-	<u>14,938</u>

The amounts payable as at 30 June 2012 comprised amounts owed in relation to Non-Executive Directors' fees (inclusive of GST).

(e) Non-Director Related Party Transactions

The only non-Director related parties to the Company were its wholly-owned controlled entities, Western Copper Pty Ltd and Golden Ridge North Kambalda Pty Ltd. Refer Note 8 for further details.

Pioneer Resources Limited (the parent entity) has made a loan to Western Copper Pty Ltd of \$3,312,104 (2012: \$3,310,613) in relation to funding its interest in Western Copper Pty Ltd's exploration projects and to Golden Ridge North Kambalda Pty Ltd of \$963,046 (2012: \$nil).

There were no other related party transactions during the year.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

## 20. EXPENDITURE COMMITMENTS

## (a) Exploration

The consolidated entity has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the consolidated entity's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the consolidated entity have not been provided for in the financial statements and those which cover the following twelve month period amount to \$1,713,040 (2012: \$1,466,040). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners, amounting to \$529,000 (2012: 851,120), as disclosed in Note 18.

	<u>2013</u> \$	<u>2012</u> \$
<b>(b) Operating Lease Commitments</b>		
Total operating lease expenditure contracted for at balance date but not provided for in the consolidated financial statements, payable:		
Not later than one year	82,275	17,273
Later than one year and no later than five years	5,928	-
Later than five years	-	-
	<u>88,203</u>	<u>17,273</u>

The operating lease relates to the Company's registered office premises in Perth.

The Perth office operating lease is for a prescribed period expiring on 31 October 2013. The Company is currently negotiating to renew the term of the lease for a further twelve months after the expiry date. During the term of the operating lease the rent is reviewed annually on each successive anniversary date. The Annual Lease will be \$52,275.

The Kalgoorlie house and yard operating lease which is for a prescribed period until 30 June 2014. During the term of the operating lease the rent is reviewed annually on each successive anniversary date. The Annual Lease will be \$30,000.

The Konica Minolta photocopier in the Perth office is leased with a fixed base rate of \$5,928 per year plus a usage-based fee for a 48 month period expiring on 9 August 2016.

## (c) Capital Commitments

The consolidated entity had no capital commitments as at 30 June 2013 (30 June 2012: \$Nil).

## 21. SEGMENT INFORMATION

The consolidated entity operates predominantly in one segment involved in the mineral exploration and development industry. Geographically the consolidated entity is domiciled and operates in one segment being Australia.



PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

		CONSOLIDATED	
		<u>2013</u>	<u>2012</u>
		\$	\$
<b>22. EARNINGS/(LOSS) PER SHARE</b>			
The following reflects the earnings / (loss) and share data used in the calculations of basic and diluted earnings/(loss) per share:			
Earnings/(loss) used in calculating basic and diluted earnings/(loss) per share		(1,864,896)	722,014
		<b>Number of Shares <u>2013</u></b>	<b>Number of Shares <u>2012</u></b>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:		518,581,442	468,357,344
<i>Effect of dilutive securities</i>			
Share options*		-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share		518,581,442	468,357,344

**\*Non-dilutive securities**

As at balance date, 68,350,000 unlisted options (30 June 2012: 25,100,000 unlisted options) which represent potential ordinary shares were not dilutive as the weighted average exercise price of the options were higher than the weighted average share price for the year.

**Conversions, calls, subscriptions or issues after 30 June 2013**

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

	<u>2013</u> \$	<u>2012</u> \$
<b>23. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>(a) Cash and Cash Equivalents</b>		
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	615	615
Cash at bank	10,696	21,700
Deposits at call	<u>2,479,306</u>	<u>7,276,055</u>
	<u>2,490,617</u>	<u>7,298,370</u>
<b>(b) Reconciliation of the profit/(loss) from ordinary activities after income tax to the net cash flows used in operating activities</b>		
Profit/(loss) from ordinary activities after income tax	(1,864,896)	722,014
<i>Non-cash items:</i>		
Depreciation	31,911	41,950
Change in fair value of financial assets	(115,000)	185,000
Exploration written off	1,099,582	950,071
Investment written down	300	22,800
Expense of share-based payments	51,881	142,204
Profit on sale of tenements	-	(2,996,624)
<i>Change in operating assets and liabilities:</i>		
Decrease in prepayments	2,061	859
Decrease/(increase) in receivables	12,243	(3,130)
Increase/(decrease) in trade creditors	(887,785)	870,368
Increase/(decrease) in employee entitlements	<u>3,191</u>	<u>(15,256)</u>
Net cash outflows used in operating activities	<u>(1,666,512)</u>	<u>(79,744)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

23. NOTES TO THE STATEMENT OF CASH FLOWS

(c) Stand-By Credit Facilities

As at 30 June 2013 the Company has a business credit card facility available totaling \$30,000 (2012:\$30,000) of which \$11,387 (2012: \$9,589) was utilised.

(d) Non Cash Financing and Investing Activities

During the financial year ended 30 June 2013 the Company had no non-cash financing or investing activities other than on 16 October 2012 the Company issued 11.5 million ordinary shares at a deemed issue price of 3.5 cents per share, 15 million unlisted options exercisable at 10 cents each by 15 October 2015 and 30 million unlisted options exercisable at 30 cents each by 15 October 2017 to National Minerals Pty Ltd as consideration for acquiring a 75% interest in the Fairwater Nickel and Gold Project.

24. FINANCIAL INSTRUMENTS

The consolidated entity's activities expose it to a variety of financial risks and market risks. 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.

*Financial Risk Management Policies*

Exposure to key financial risks is managed in accordance with the consolidated entity's risk management policy with the objective to ensure that the financial risks inherent in exploration activities are identified and then managed or kept as low as reasonably practicable. The main financial risks that arise in the normal course of business are market risk (primarily interest rate risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments for exploration expenditure. Exposure to liquidity risk is limited by anticipating liquidity shortages and ensures capital can be raised in advance of shortages. It is the Board's policy that no speculative trading in financial instruments be undertaken so as to limit exposure to price risk.

Primary responsibility for identification and control of financial risks rests with the Managing Director and the Company Secretary, under the authority of the Board. The Board is appraised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note 1 to the financial statements. The carrying values less the impairment allowance for receivables and payables are assumed to approximate fair values due to their short term nature. Cash and cash equivalents are subject to variable interest rates.

**Specific Financial Risk Exposures and Management**

(a) Market Risk - Interest Rate Risk

The consolidated entity's cash-flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. At reporting date, the consolidated entity does not have any borrowings. The consolidated entity does not enter into hedges.

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, was as follows:

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

## 24. FINANCIAL INSTRUMENTS

## (a) Market Risk - Interest Rate Risk

2013

	Note	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate \$	Assets/ (Liabilities) Non Interest Bearing \$	Total
<u>Financial Assets</u>					
Cash and					
cash equivalents	23(a)	3.59%	2,490,002	615	2,490,617
Other receivables	6	-	-	2,302,717	2,302,717
Other financial assets	7	-	-	36,580	36,580
Total Financial Assets			2,490,002	2,339,912	4,829,914
<u>Financial Liabilities</u>					
Payables	11	-	-	(268,352)	(268,352)
Total Financial Liabilities			-	(268,352)	(268,352)
Net Financial Assets			2,490,002	2,071,560	4,561,562

2012

	Note	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate \$	Assets/ (Liabilities) Non Interest Bearing \$	Total
<u>Financial Assets</u>					
Cash and					
cash equivalents	23(a)	4.0%	7,297,755	615	7,298,370
Other receivables	6	-	-	3,385,468	3,385,468
Other financial assets	7	-	-	38,941	38,941
Total Financial Assets			7,297,755	3,425,024	10,722,779
<u>Financial Liabilities</u>					
Payables	11	-	-	(1,311,142)	(1,311,142)
Total Financial Liabilities			-	(1,311,142)	(1,311,142)
Net Financial Assets			7,297,755	2,113,882	9,411,637

## (b) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the consolidated entity.

The consolidated entity trades only with recognised, creditworthy third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

24. FINANCIAL INSTRUMENTS

**(b) Credit Risk (Continued)**

During the year the Company invoiced its joint venture partner Australian Mines Limited, for capital expenditures incurred in the Golden Ridge Joint Venture area of interest. An amount of \$Nil (30 June 2012: \$Nil) was outstanding and recorded as receivables. Management are satisfied that this balance was recoverable.

With respect to credit risk arising from financial assets, which comprise cash and cash equivalents and receivables, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. At reporting date cash and deposits were held with Commonwealth Bank of Australia and Westpac Banking Corporation.

The credit quality of the financial assets that are either past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. All cash balances are deposits with financial institutions with 'AA' S&P ratings. The tenement and rental bonds disclosed in Other Receivables (Note 6) are also deposits with financial institutions with 'AA' S&P ratings. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and in the notes to the financial statements.

The consolidated entity has a material credit exposure to a single debtor. During the year ended 30 June 2012 a project was sold for a consideration that included deferred payments. A further \$2,300,000 which will be received in two instalments in March 2014 and March 2015. The deferred consideration is secured by way of a first mortgage over the tenements being sold.

**(c) Commodity Price Risk and Liquidity Risk**

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the consolidated entity's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the consolidated entity monitors its ongoing exploration cash requirements and raises equity funding as and when appropriate to meet such planned requirements. The consolidated entity has no undrawn financing facilities. Trade and other payables, the only financial liability of the consolidated entity, are due within 3 months.

At the present state of the consolidated entity's operations it has minimal commodity price risk and limited liquidity risk due to the level of payables and cash reserves held. The consolidated entity's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

**(d) Foreign Exchange Risk**

The consolidated entity is not exposed to foreign exchange risk.

**(e) Net Fair Values**

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The consolidated entity has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2013

**25. PARENT COMPANY**

**(a) Financial Position**

As at 30 June 2013

	<u><b>2013</b></u>	<u><b>2012</b></u>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Total current assets	<b>3,799,908</b>	8,605,824
Total non-current assets	<b>8,771,997</b>	5,931,394
<b>Total Assets</b>	<b>12,571,905</b>	14,537,218
<b>Liabilities</b>		
Total current liabilities	<b>374,608</b>	1,414,207
Total non-current liabilities		-
<b>Total Liabilities</b>	<b>374,608</b>	1,414,207
<b>Net Assets</b>	<b>12,197,297</b>	13,123,011
<b>Equity</b>		
Issued capital	<b>25,303,122</b>	24,900,622
Reserves	<b>955,202</b>	446,870
Accumulated losses	<b>(14,061,027)</b>	(12,224,481)
<b>Total Equity</b>	<b>12,197,297</b>	13,123,011
Profit/(loss) for the year	<b>(1,864,896)</b>	722,014
Other comprehensive income	-	-
<b>Total comprehensive profit/(loss) for the year</b>	<b>(1,864,896)</b>	722,014

**(b) Guarantees entered into by the Parent**

Pioneer Resources Limited has not entered into a deed of cross guarantee with its wholly-owned subsidiary.

**(c) Contingent liabilities of the Parent**

Pioneer Resources Limited's contingent liabilities are consistent with those disclosed in Note 27.

**(d) Capital commitment of the Parent**

Pioneer Resources Limited's capital commitments are disclosed in Note 20.

**26. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS**

***Employee Entitlements***

The aggregate employee entitlement liability is disclosed in Note 12.

***Directors, Officers, Employees and Other Permitted Persons Option Plan***

Details of the Company's Directors, Officers, Employees and Other Permitted Persons Option Plan are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

26. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS (Continued)

*Superannuation Commitments*

The Company contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, to provide benefits to employees on retirement, death or disability.

Accordingly no actuarial assessment of the plans are required.

Funds are available for the purposes of the plans to satisfy all benefits that would have been vested under the plans in the event of:

- termination of the plans;
- voluntary termination by all employees of their employment; and
- compulsory termination by the employer of the employment of each employee.
- during the year employer contributions to superannuation plans (including salary sacrifice amounts) totaled \$63,644 (2012: \$66,526).

27. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the financial statements of the consolidated entity as at 30 June 2013 other than:

**Native Title and Aboriginal Heritage**

Native Title claims have been made with respect to areas which include tenements in which the consolidated entity has an interest. The consolidated entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the consolidated entity or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the consolidated entity has an interest.

28. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years, other than market announcements released to the Australian Securities Exchange since balance date.

**PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Pioneer Resources Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 11 to 44, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2013 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.
- (b) there are reasonable grounds to believe that Pioneer Resources Limited 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* from the Managing Director and the Company Secretary for the financial year ended 30 June 2013.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 23<sup>rd</sup> September 2013

A handwritten signature in blue ink, appearing to read 'D J Crook', with a horizontal line underneath.

**D J Crook**  
**Managing Director**



**INDEPENDENT AUDITOR REPORT  
TO THE MEMBERS OF PIONEER RESOURCES LIMITED**

Chartered  
Accountants



**Report on the Financial Report**

We have audited the accompanying financial report of Pioneer Resources Limited (the "Company") and its controlled entities (the "Consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2013 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

**Directors' Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**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. Those 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 of the financial report which gives a true and fair view 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 directors, as well as evaluating the overall presentation of the financial report.

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

**BUTLER  
SETTINERI**

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(Audit) Pty Ltd**  
ACN 112 942 373

Registered Company Auditor  
Number 289109

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approved under Professional  
Standards Legislation*



## **Independence**

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

## **Auditor's Opinion**

In our opinion, the financial report of Pioneer Resources Limited is in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

## **Report on the Remuneration Report**

We have audited the remuneration report included on pages 5 to 8 of the directors' report for the year ended 30 June 2013.

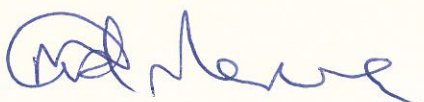
The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001.

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 Pioneer Resources Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE  
Director

Perth

Date: 23 September 2013