



**PIONEER RESOURCES LIMITED**

**ABN 44 103 423 981**

**and its controlled entities**

**Interim Financial Report  
for the  
Half-Year ended 31 December 2015**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Pioneer Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

# PIONEER RESOURCES LIMITED

ABN 44 103 423 981

and its controlled entities

## CORPORATE DIRECTORY

### DIRECTORS

Craig I McGown  
*Independent Non-Executive Chairman*

David J Crook  
*Managing Director*

Allan Trench  
*Independent Non-Executive Director*

Thomas W Spilsbury  
*Independent Non-Executive Director*

### COMPANY SECRETARY

Julie A Wolseley

### PRINCIPAL REGISTERED OFFICE

21 Ord Street  
West Perth  
Western Australia, 6005  
Telephone: (08) 9322 6974  
Facsimile: (08) 9486 9393  
Email: [pioneer@PIOresources.com.au](mailto:pioneer@PIOresources.com.au)  
Internet: [www.PIOresources.com.au](http://www.PIOresources.com.au)

### AUDITOR

Deloitte Touche Tohmatsu  
Brookfield Place, Tower 2  
123 St Georges Terrace  
Perth  
Western Australia, 6000

### SHARE REGISTRY

Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross  
Western Australia, 6153  
Telephone: (08) 9315 0933  
Facsimile: (08) 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### STOCK 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

ABN 44 103 423 981

and its controlled entities

## C O N T E N T S

	<i>Page(s)</i>
<b>Directors' Report</b>	1 - 3
<b>Auditor's Independence Declaration</b>	4
<b>Independent Review Report to the Members</b>	5 - 6
<b>Directors' Declaration</b>	7
<b>Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	8
<b>Condensed Consolidated Statement of Financial Position</b>	9
<b>Condensed Consolidated Statement of Changes in Equity</b>	10
<b>Condensed Consolidated Statement of Cash Flows</b>	11
<b>Notes to the Condensed Consolidated Financial Statements</b>	12 - 18

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**DIRECTORS' REPORT**

---

Your Directors present their report on the consolidated financial statements for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

**DIRECTORS**

The following persons held office as Directors of Pioneer Resources Limited during the half-year and until the date of this report:

***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 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.

***David J Crook*** – *B.Sc, MAusIMM, MAIG, GAICD*  
**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 working in operational 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, and exploration manager at Heron Resources Limited.

***Allan Trench*** – *B.Sc (Hons), Ph.D, M.Sc (Min. Econ), MBA (Oxon), ARSM, AWASM, FAusIMM, FAICD*  
**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 Practice at the Business School, University of Western Australia and is also a Research Professor (Risk & Value) at the Centre for Exploration Targeting, University of Western Australia.

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**DIRECTORS' REPORT**

---

**DIRECTORS (Continued)**

**Thomas Wayne Spilsbury** – *B.Sc (Hons), M.Sc (Applied Geology), APEGBC (P. Geo.), FAusIMM CP (Geo), 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.

The Directors named above each held office as at 31 December 2015.

**COMPANY SECRETARY**

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

Ms Wolseley is the principal of a corporate advisory company with over 20 years' 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 in OM Holdings Ltd.

Ms Susan Hunter was also the Joint Company Secretary who resigned on 12 February 2016.

**REVIEW OF OPERATIONS**

The consolidated entity recorded an operating loss after income tax for the half-year ended 31 December 2015 of \$1,392,863 compared to the 31 December 2014 operating loss after income tax of \$957,154. The result for the half-year ended 31 December 2015 included exploration write-offs totalling \$1,014,877 (31 December 2014: \$492,553) primarily related to the consolidated entity's Acra Gold, Fairwater Nickel and Gindalbie Projects.

During the half-year the consolidated entity incurred a total of \$1,065,711 on exploration expenditure. A significant proportion of the exploration and evaluation expenditure was incurred on the consolidated entity's Acra Gold Project, Fairwater Nickel Project and the Golden Ridge (Blair Dome) Nickel Project.

Exploration activity at the consolidated entity's Acra Gold Project included follow up of significant gold occurrences at the Kalpini South, Jubilee East and Carmelia South Prospects. These prospects indicate the regional nature of the Project's gold endowment, and the potential for the discovery of commercial deposits of gold within the 20 km long target zone. Exploration activity during the half-year included successfully confirming the presence of supergene gold mineralisation at Kalpini South as a precursor to a resource drill-out; and an extensive program of aircore drilling to identify new gold targets. During the half-year E27/548 was granted. This tenement, with an area of 89km<sup>2</sup>, was pegged as a result of the aeromagnetic image interpretation undertaken by Dr David Isles in 2015. The project has 4 gold targets identified through the Company's open file research, and detailed soil geochemistry has commenced.

Exploration activity at the consolidated entity's Fairwater Nickel Project included three diamond drill holes and each intersected the interpreted mafic-ultramafic sill-dyke system. This environment is considered highly prospective for nickel sulphide mineralisation. Using major-element rock geochemistry the program has provided a compelling mineralisation vector that indicates increasing fertility towards the interpreted centre of the mafic-ultramafic system.

Activities at the Golden Ridge (Blair Dome) Nickel Project focussed on continuing to identify drilling targets near the closed Blair Nickel Mine. Detailed soil geochemistry, mapping and an interpretation of aeromagnetic data resulted in updates to the geological model for the near-Blair Nickel Mine area, and this forms the basis of the new drill targets. The Company is compiling targets for future work, with priority given to locations with existing intersections of nickel sulphides, or with positive litho-geochemistry. Recommendations for the next round of drill holes will test for new nickel sulphide deposits within 1km of the existing Blair Mine Decline.

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**DIRECTORS' REPORT**

---

**REVIEW OF OPERATIONS (Continued)**

On 28 October 2015 the Company completed a share placement of 30,916,666 ordinary shares at an issue price of 1.5 cents per share which raised \$463,750 (before issue costs). On 6 November 2015 a further share placement was completed comprising 6,700,000 ordinary shares at an issue price of 1.5 cents each which raised \$100,500 (before issue costs). Both share placements were made to professional and sophisticated investors. A further 4,083,333 ordinary shares at an issue price of 1.5 cents per share were issued to Directors (or related entities) on 22 December 2015 following shareholder approval received on 17 December 2015.

The Company's cash position at the end of the half-year was \$1,211,333. The consolidated entity's cash position will be further supplemented since the end of the half-year by a share placement announced on 15 March 2016 comprising the receipt by the Company of firm commitments to issue up to 158,000,000 ordinary shares at an issue price of 1 cent per share raising up to \$1,580,000 (before issue costs). The placement was made to professional and sophisticated investors as well as clients of Sanlam Private Wealth Management and Bell Potter Securities Limited. The funds raised are expected to be applied to the Company's proposed works programs at the Mavis Lithium Project (refer Note 7 Events Subsequent to Balance Date), advance the next phase of exploration at the Acra Gold Project and to provide working capital.

**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2015.

This report is made and signed in accordance with a resolution of Directors.

Dated at Perth this 15 March 2016.



**DJ Crook**  
Managing Director

The Board of Directors  
Pioneer Resources Limited  
21 Ord Street  
West Perth WA 6005

15 March 2016

Dear Board Members

### **Pioneer Resources Limited**

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

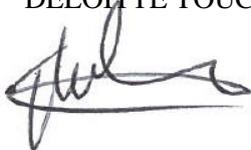
As lead audit partner for the review of the financial statements of Pioneer Resources Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



**John Sibenaler**  
Partner  
Chartered Accountants  
Perth, 15 March 2016

# Independent Auditor's Review Report to the Members of Pioneer Resources Limited

We have reviewed the accompanying half-year financial report of Pioneer Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 18.

## *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Pioneer Resources Limited's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pioneer Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pioneer Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

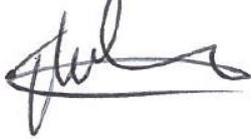
## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pioneer Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



**John Sibenaler**  
Partner  
Chartered Accountants  
Perth, 15 March 2016

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**DIRECTORS' DECLARATION**

---

In accordance with a resolution of the Directors of Pioneer Resources Limited, I state that:

In the opinion of the Directors:

1. The financial statements and notes of the consolidated entity, as set out on pages 8 to 18:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date of the consolidated entity.
2. In the Director's opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Dated at Perth this 15 March 2016.



**DJ Crook**  
Managing Director

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

**For the half-year ended 31 December 2015**

	Note	31 December 2015 \$	31 December 2014 \$
<b>Continuing Operations</b>			
Other income	2(a)	18,735	81,066
Total revenue		<b>18,735</b>	81,066
Employee expenses		<b>(280,344)</b>	(448,819)
Corporate expenses		<b>(84,513)</b>	(87,577)
Depreciation	2(b)	<b>(10,461)</b>	(13,139)
Rental expense on operating leases	2(b)	<b>(57,121)</b>	(57,307)
Non-Executive Directors' fees		<b>(92,500)</b>	(92,500)
Insurance expenses		<b>(22,903)</b>	(20,275)
Legal expenses		<b>(667)</b>	(3,378)
Employee costs recharged to capitalised exploration		<b>156,577</b>	240,700
Costs recharged to capitalised exploration		<b>94,806</b>	88,713
Exploration expenditure written off	2(b)	<b>(1,014,877)</b>	(492,553)
Discount on early repayment of receivable		-	(45,455)
Other expenses		<b>(99,595)</b>	(106,630)
Loss before income tax		<b>(1,392,863)</b>	(957,154)
Income tax		-	-
Net loss from continuing operations for the half year		<b>(1,392,863)</b>	(957,154)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half year attributable to members of the Company		<b>(1,392,863)</b>	(957,154)
<b>Earnings/(loss) per share from continuing operations</b>			
Basic earnings/(loss) per share (cents per share)	5	<b>(0.20)</b>	(0.16)
Diluted earnings/(loss) per share (cents per share)	5	<b>(0.20)</b>	(0.16)

*The accompanying notes form an integral part of these financial statements.*

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2015

	Note	31 Dec 2015 \$	30 June 2015 \$	31 Dec 2014 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		1,211,333	1,825,786	2,229,491
Other receivables		41,123	174,648	26,261
Other financial assets		1,950	450	450
Other current assets		23,408	29,621	17,684
<b>TOTAL CURRENT ASSETS</b>		<b>1,277,814</b>	2,030,505	2,273,886
<b>NON-CURRENT ASSETS</b>				
Plant, equipment and motor vehicles		32,081	42,543	66,226
Capitalised mineral exploration	3	7,372,722	7,321,888	6,690,131
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,404,803</b>	7,364,431	6,756,357
<b>TOTAL ASSETS</b>		<b>8,682,617</b>	9,394,936	9,030,243
<b>CURRENT LIABILITIES</b>				
Trade and other payables		282,225	224,534	174,185
Provisions		131,323	115,345	134,751
<b>TOTAL CURRENT LIABILITIES</b>		<b>413,548</b>	339,879	308,936
<b>TOTAL LIABILITIES</b>		<b>413,548</b>	339,879	308,936
<b>NET ASSETS</b>		<b>8,269,069</b>	9,055,057	8,721,307
<b>EQUITY</b>				
Contributed equity	4	28,398,703	27,791,828	26,702,047
Share option reserve		433,025	553,025	330,000
Accumulated losses		(20,562,659)	(19,289,796)	(18,310,740)
<b>TOTAL EQUITY</b>		<b>8,269,069</b>	9,055,057	8,721,307

*The accompanying notes form an integral part of these financial statements.*

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the half-year ended 31 December 2015

	Contributed Equity	Share Option Reserve	Accumulated Losses	Total
<b>BALANCE AT 1 JULY 2015</b>	27,791,828	553,025	(19,289,796)	9,055,057
Loss for the period	-	-	(1,392,863)	(1,392,863)
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS</b>	-	-	(1,392,863)	(1,392,863)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Shares issued during the period (net of transaction costs)	606,875	-	-	606,875
Transfer from share option reserve re: expired options	-	(120,000)	120,000	-
<b>BALANCE AT 31 DECEMBER 2015</b>	<b>28,398,703</b>	<b>433,025</b>	<b>(20,562,659)</b>	<b>8,269,069</b>
<b>BALANCE AT 1 JULY 2014</b>				
	25,736,247	450,033	(17,473,619)	8,712,661
Loss for the period	-	-	(957,154)	(957,154)
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS</b>	-	-	(957,154)	(957,154)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Shares issued during the period (net of transaction costs)	965,800	-	-	965,800
Transfer from share option reserve re: expired options	-	(120,033)	120,033	-
<b>BALANCE AT 31 DECEMBER 2014</b>	<b>26,702,047</b>	<b>330,000</b>	<b>(18,310,740)</b>	<b>8,721,307</b>

*The accompanying notes form an integral part of these financial statements.*

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the half-year ended 31 December 2015**

	31 Dec 2015 \$ Inflows/ (Outflows)	31 Dec 2014 \$ Inflows/ (Outflows)
<b>Cash flows from operating activities</b>		
Interest received	20,056	37,741
Sundry income received	148,703	565,843
Payments to suppliers and employees (inclusive of goods and services taxes)	(481,213)	(574,959)
Net cash flows (used in)/provided by operating activities	(312,454)	28,625
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(908,874)	(1,158,039)
Proceeds from the sale of the Western Mt Jewell Gold Project	-	1,050,000
Payments for plant and equipment	-	(29,973)
Net cash flows used in investing activities	(908,874)	(138,012)
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	625,500	1,009,800
Payment for transaction costs relating to the issue of shares	(18,625)	(44,000)
Net cash flows provided by financing activities	606,875	965,800
Net (decrease)/increase in cash and cash equivalents held	(614,453)	856,413
Cash and cash equivalents at the beginning of the half- year	1,825,786	1,373,078
Cash and cash equivalents at the end of the half-year	1,211,333	2,229,491

*The accompanying notes form an integral part of these financial statements.*

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2015**

---

**1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS**

These general purpose half-year financial statements for the half-year ended 31 December 2015 have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including Accounting Standard AASB 134: *Interim Financial Reports* and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with IAS 34 "Interim Financial Reporting". The Board considers the consolidated entity has sufficient cash resources to meet all operating costs for at least the next 12 months from the date of this report.

It is recommended that these half-year financial statements and reports be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Pioneer Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act, 2001.

The half-year report has been prepared on the accruals basis and in accordance with the historical cost convention. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2015 annual financial report for the financial year ended 30 June 2015.

In the half-year ended 31 December 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

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

**Basis of consolidation**

The half-year consolidated financial statements comprise the financial statements of Pioneer Resources Limited and its controlled entities as at 31 December 2015 ('the consolidated entity').

**Estimates**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2015.

**Going Concern**

The consolidated interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the discharge of liabilities in the ordinary course of business.

The consolidated entity incurred a loss for the half-year of \$1,392,863 (31 December 2014: operating loss for the half-year \$957,154) and incurred net cash outflows from operating and investing activities for the half-year of \$1,221,328 (2014: net cash outflows of \$109,387).

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2015**

**1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (Continued)**

**Going Concern (Continued)**

As at 31 December 2015, the consolidated entity had a working capital surplus of \$864,266 (30 June 2015: surplus of \$1,690,626 and 31 December 2014: surplus of \$1,964,950).

The Directors have prepared a cash flow forecast, which indicates that the consolidated entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate because:

- The Directors have an appropriate plan to raise additional funds as and when they are required. In light of the consolidated entity's current exploration projects, the Directors believe that the additional capital required can be raised in the market with the Company having received firm commitments to issue up to 158,000,000 ordinary shares at an issue price of 1 cent per share raising up to \$1,580,000 (before issue costs) as announced on 15 March 2016 and as further detailed in Note 7 Events Subsequent to Balance Date.
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

**2. REVENUE AND EXPENSES**

**Revenue and expenses from continuing operations**

(a) Revenue

	<b>Consolidated</b> <b>31 December</b> <b>2015</b> <b>\$</b>	<b>31 December</b> <b>2014</b> <b>\$</b>
Interest income	<b>17,570</b>	35,571
Other income	<b>1,165</b>	45,495
	<b>18,735</b>	81,066

(b) Expenses

Contributions to employees superannuation plans	25,322	33,413
Depreciation	10,461	13,139
Rental expense on operating leases	57,121	57,307
Provision for employee entitlements	15,978	15,706
Exploration expenditure written off	<b>1,014,877</b>	492,553

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2015**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>3. CAPITALISED MINERAL EXPLORATION</b>		
<b>Non-Current</b>		
<i>In the exploration and evaluation phase</i>		
Cost brought forward – 1 July 2015/(1 July 2014)	7,321,888	6,090,636
Add: Expenditure incurred during the half-year/year (at cost)	1,065,711	2,209,079
Exploration expenditure written off	<u>(1,014,877)</u>	<u>(977,827)</u>
	<u><b>7,372,722</b></u>	<u><b>7,321,888</b></u>

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.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Exploration write-downs for half-year ended 31 December 2015 totalled \$1,014,877 (31 December 2014: \$492,553) which related primarily to the Acra Gold Project and Gindalbie Project where specific tenements underlying areas of interest were surrendered and to the Fairwater Nickel Project.

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2015**

	31 Dec 2015 \$	30 June 2015 \$	31 Dec 2014 \$
<b>4. CONTRIBUTED EQUITY</b>			
<b>(a) Issued Capital</b>			
720,385,273 ordinary shares; (30 June 2015: 678,685,274 ordinary shares); (31 December 2014: 616,337,300 ordinary shares)	<b>28,398,703</b>	27,791,828	26,702,047

On 28 October 2015 30,916,666 ordinary shares were issued at an issue price of 1.5 cents each under a share placement to professional and sophisticated investors. On 6 November 2015 a further 6,700,000 ordinary shares were issued at an issue price of 1.5 cents each under a share placement to professional and sophisticated investors. A further 4,083,333 ordinary shares at an issue price of 1.5 cents per share were issued to Directors (or related entities) on 22 December 2015 following shareholder approval received on 17 December 2015.

Refer Note 7 for details of ordinary shares agreed to be issued subsequent to balance date.

**(b) Options**

During the half year ended 31 December 2015 no options were issued.

During the half year ended 31 December 2015 the following options expired:

Number of Options	Exercise Price	Expiry
15,000,000	10 cents each	15 October 2015
<b>15,000,000</b>		

The following unlisted options are outstanding in respect of ordinary shares as at 31 December 2015:

Number of Options	Exercise Price	Expiry
30,000,000	30 cents each	15 October 2017
5,500,002	2.6 cents each	30 April 2018
5,500,001	5 cents each	30 April 2018
5,499,997	7.5 cents each	30 April 2018
<b>46,500,000</b>		

There have been no options issued since the end of the financial period.

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2015**

	31 Dec 2015 \$	31 Dec 2014 \$
<b>5. EARNINGS/(LOSS) PER SHARE</b>		
The following reflects the 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	(1,392,863)	(957,154)
	<b>Number of Shares 2015</b>	<b>Number of Shares 2014</b>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	688,675,491	589,442,055
<i>Effect of dilutive securities</i>		
Share options*	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	688,675,491	589,442,055

**\*Non-dilutive securities**

As at balance date, 46,500,000 unlisted options (which represent 46,500,000 potential ordinary shares) (31 December 2014: 45,000,000 unlisted options which represent potential ordinary shares) were not dilutive as they would decrease the loss per share.

**6. DIVIDENDS**

No dividend has been declared or paid during the half-year ended 31 December 2015.

**7. EVENTS SUBSEQUENT TO BALANCE DATE**

Since 31 December 2015, no event has arisen that would be likely to materially affect the operations of the consolidated entity, the results of the consolidated entity or the state of affairs of the consolidated entity not otherwise disclosed in the consolidated entity's financial statements other than:

**Strategic Alliance with International Lithium Corporation**

On 15 March 2016 the Company announced it had entered into an Option Agreement and Strategic Alliance ("Agreement") with International Lithium Corporation ("ILC") a Canadian listed company to earn up to an 80% interest in the Mavis Lithium Project ("Project"), in the Canadian Province of Ontario.

***Key Components of the Transaction***

- The Company has subscribed for C\$100,000 of units in ILC, at a price of C\$0.08 per unit comprising one common share and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share of ILC for a period of three years from the date of issuance at a price of C\$0.12 per share.
- In exchange, the Company has been granted a 3 month period to complete its due diligence and an exclusive option to enter into a joint venture for the Project.

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2015**

---

**7. EVENTS SUBSEQUENT TO BALANCE DATE (Continued)**

***Key Components of the Transaction (Continued)***

- On electing to proceed, the Company may earn a 51% interest in the Project by expending C\$1.5 million on exploration activities within a period of 3 years ("First Earn In"); and paying to ILC a total amount C\$375,000 in an approximate 50/50 proportion of cash and shares over three years.
- Following the First Earn In, ILC will accrue a 1.5% Net Smelter Return royalty. The Company may buy back this royalty for C\$1.5 million. In addition, a pre-existing 5% royalty over the Fairservice Prospect may be purchased by the joint venture for an additional C\$1 million.
- Pioneer may then earn an additional 29% through expending C\$8.5 million within 7 years, (total C\$10 million over 10 years to earn a total interest of 80%). Thereafter the joint venturers will contribute on a pro-rata basis. If either party dilutes to 15% project equity, it will retire from the joint venture and revert to a 1.5% royalty.
- The Company will have a right to participate in the acquisition of certain other lithium project opportunities identified by ILC.

***Share Placement***

The Company has also received firm commitments for a placement of up to 158,000,000 fully paid ordinary new shares at an issue price of 1.0 cents per share, to raise approximately \$1,580,000 (before issue costs) ("Placement").

The Placement was made to professional and sophisticated investors as well as clients of Sanlam Private Wealth Management and Bell Potter Securities Limited.

The Placement funds will be used to fund the Company's proposed works programs at the Mavis Lithium Project, advance the next phase of exploration at the Acra Gold Project and to provide working capital.

**8. CONTINGENT ASSETS AND LIABILITIES**

Since the last reporting date, there has been no change of any contingent liabilities or contingent assets.

**9. 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. For management purposes, the consolidated entity is organised into one main operating segment which involves the exploration of minerals in Australia. All of the consolidated entity's activities are interrelated and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

**PIONEER RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2015**

---

**10. FINANCIAL INSTRUMENTS**

The consolidated entity's financial instruments consist of those which are measured at amortised cost including trade and other receivables and trade and other payables. The carrying amount of these financial assets and liabilities approximate their fair value. The consolidated entity does not hold any financial instruments which are required to be measured at fair value.