



PIONEER RESOURCES LIMITED

ABN 44 103 423 981

and its controlled entities

**Interim Financial Report
for the
Half-Year ended 31 December 2016**

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 2016 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**

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West Perth
Western Australia, 6005
Telephone: (08) 9322 6974
Facsimile: (08) 9486 9393
Email: pioneer@PIOresources.com.au
Internet: www.PIOresources.com.au

AUDITOR

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

SHARE REGISTRY

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross
Western Australia, 6153
Telephone: (08) 9315 0933
Facsimile: (08) 9315 2233
Email: 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
PIOO – listed options exercisable at 6 cents each by 31 July 2018

PIONEER RESOURCES LIMITED

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and its controlled entities

C O N T E N T S

	<i>Page(s)</i>
Directors' Report	1 - 3
Auditor's Independence Declaration	4
Independent Auditor's Review Report to the Members	5 - 6
Directors' Declaration	7
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
Notes to the Condensed Consolidated Financial Statements	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 2016. 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 40 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 35 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 iron ore, nickel, copper, gold, lithium, 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 Petroleum Limited 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 40 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 also has significant experience in the exploration for and development of lithium projects.

The Directors named above each held office as at 31 December 2016.

COMPANY SECRETARY

Julie Wolseley – *B.Com, CA, MAICD*

Ms Wolseley is the principal of a corporate advisory company with over 24 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.

REVIEW OF OPERATIONS

The consolidated entity recorded an operating loss after income tax for the half-year ended 31 December 2016 of \$637,997 compared to the 31 December 2015 operating loss after income tax of \$1,392,863. The result for the half-year ended 31 December 2016 included exploration write-offs totalling \$131,375 (31 December 2015: \$1,014,877).

During the half-year the consolidated entity incurred a total of \$2,308,425 on exploration expenditure. A significant proportion of the exploration and evaluation expenditure was incurred on the consolidated entity's Lithium Caesium and Tantalum Project and Golden Ridge Project in Western Australia and the Mavis Lake JV and Raleigh JV Lithium Projects in Canada.

The key exploration achievement during the half-year was the discovery of a significant deposit of the high grade caesium mineral, pollucite, at the Company's Pioneer Dome Lithium Caesium and Tantalum Project in Western Australia. The pollucite mineralisation, referred to as the Sinclair Zone, has been intersected in drilling continuously over a strike length of 70m, and the Company has commenced evaluating its commercial viability.

In addition, the first encouraging intersections of lithium, in the form of alumina-silicate (spodumene or petalite) minerals, were made at Pioneer Dome. This is consistent with the zoned pegmatite model, and indicates that eastern drill holes are becoming more proximal to the pegmatite source, and more prospective for spodumene.

Exploration programmes completed since the Company entered into the Mavis Lake JV and Raleigh JV have included aeromagnetic and ground magnetic surveys, and litho-geochemistry. Since the end of the half-year the Company has announced that the first drill hole of its maiden drill programme at the Mavis Lake JV Lithium Project has intersected a spodumene-bearing pegmatite.

The Company announced on 8 February 2017 that the first drill hole, MF-17-39, had intersected 18m of spodumene-bearing pegmatite between 79.9m and 97.9m down-hole. The spodumene zone was described as having broken crystals, with the largest spodumene crystal measuring approximately 45cm in length. Magnetic data is being used to predict the geological nature of large areas where direct observation is not practical due to overlying rock and vegetation cover. Litho-geochemistry acts as a chemical vector of areas that might be mineralised. Together, more precise targets are being generated and geological mapping is undertaken to prove the presence of potentially mineralised pegmatites.

PIONEER RESOURCES LIMITED
and its controlled entities

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

During the half-year the Company announced that it had entered into an agreement with gold miner Northern Star Resources Limited ("NST") by which NST may earn up to a 75% project interest in the Acra Gold Project by satisfying the following:

- NST has acquired 20% of the Acra Gold Project by making a cash payment of \$500,000 to the Company.
- NST will then have the option to acquire an additional 55% (total 75%) of the Acra Gold Project by expending \$3 million over three years.
- Importantly, when NST has earned its 75% joint venture interest, the Company will remain 25% holder of the project and be free carried to the point of an approval by the Department of Mines and Petroleum of a mining proposal.

Ordinary Shares Issued

On 21 July 2016 the Company issued a total of 42,174,962 ordinary shares at an issue price of 3.6 cents each following an offer from the Company's Share Purchase Plan, which raised \$1,518,300 (before issue costs).

On 23 September 2016 the Company issued 731,750 ordinary shares at a deemed issued price of 3.4 cents per share to International Lithium Corp as First Earn In Consideration under the Raleigh Lithium Project Heads of Agreement.

On 23 September 2016 the Company issued 2,133,409 ordinary shares at an issue price of 4.18 cents each to Milford Resources Pty Ltd following shareholder approval obtained on 13 September 2016.

Options Issued

On 23 September 2016 the Company lodged a transaction specific prospectus for the offer of 14,058,215 listed options to eligible shareholders who participated in the Company's Share Purchase Plan under which shares were issued to eligible shareholders on 21 July 2016. The options are exercisable at 6 cents each by 31 July 2018. The issue of the options was approved in a General Meeting held on 13 September 2016.

On 5 September 2016 the Company issued a total of 3,270,400 unlisted options to a nominee of Sanlam Private Wealth Pty Ltd at an exercise price of 6 cents each by 4 September 2018.

On 12 October 2016 the Company issued a total of 6,000,000 unlisted options to Directors and/or their related parties with an exercise price of 6 cents each by 31 July 2018. The issue of the options was approved in a General Meeting held on 13 September 2016.

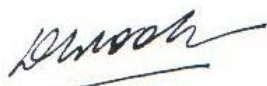
The Company's cash position at the end of the half-year was \$4,418,616.

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 2016.

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

Dated at Perth this 14 March 2017.



DJ Crook
Managing Director

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

14 March 2017

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.

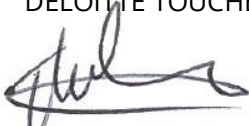
As lead audit partner for the review of the financial statements of Pioneer Resources Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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 Sibener
Partner
Chartered Accountants

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 2016, 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 2016 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.

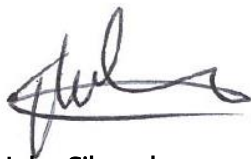
Conclusion

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 2016 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, 14 March 2017

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 2016 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 14 March 2017.



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 2016

	Note	31 December 2016 \$	31 December 2015 \$
Continuing Operations			
Other income	2(a)	567,983	18,735
Total revenue		567,983	18,735
Employee expenses		(421,243)	(280,344)
Corporate expenses		(169,619)	(84,513)
Depreciation	2(b)	(7,652)	(10,461)
Rental expense on operating leases	2(b)	(52,090)	(57,121)
Non-Executive Directors' fees		(92,500)	(92,500)
Insurance expenses		(25,873)	(22,903)
Legal expenses		(30,504)	(667)
Employee costs recharged to capitalised exploration		292,315	156,577
Costs recharged to capitalised exploration		94,836	94,806
Cost base of 20% interest in Acra Gold Project		(391,900)	-
Exploration expenditure written off	2(b)	(131,375)	(1,014,877)
Expense of share-based payments	2(b)	(81,180)	-
Corporate advisory expenses		(37,000)	-
Conferences/seminars		(31,531)	(7,322)
Other expenses		(120,664)	(92,273)
Loss before income tax		(637,997)	(1,392,863)
Income tax		-	-
Net loss from continuing operations for the half-year		(637,997)	(1,392,863)
Other comprehensive income		-	-
Total comprehensive loss for the half-year attributable to members of the Company		(637,997)	(1,392,863)
Loss per share from continuing operations			
Basic loss per share (cents per share)	5	(0.06)	(0.20)
Diluted loss per share (cents per share)	5	(0.06)	(0.20)

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 2016

	Note	31 Dec 2016 \$	30 June 2016 \$	31 Dec 2015 \$
CURRENT ASSETS				
Cash and cash equivalents		4,418,616	5,098,260	1,211,333
Other receivables		50,220	521,689	41,123
Other financial assets		268,625	389,998	1,950
Other current assets		123,366	38,244	23,408
TOTAL CURRENT ASSETS		4,860,827	6,048,191	1,277,814
NON-CURRENT ASSETS				
Plant, equipment and motor vehicles		49,831	21,928	32,081
Capitalised mineral exploration	3	9,811,092	8,025,942	7,372,722
TOTAL NON-CURRENT ASSETS		9,860,923	8,047,870	7,404,803
TOTAL ASSETS		14,721,750	14,096,061	8,682,617
CURRENT LIABILITIES				
Trade and other payables		326,594	645,963	282,225
Provisions		130,183	127,058	131,323
TOTAL CURRENT LIABILITIES		456,777	773,021	413,548
TOTAL LIABILITIES		456,777	773,021	413,548
NET ASSETS		14,264,973	13,323,040	8,269,069
EQUITY				
Contributed equity	4	34,332,598	32,988,552	28,398,703
Share option reserve		1,247,262	895,193	433,025
Fair value reserve		166,044	282,229	-
Accumulated losses		(21,480,931)	(20,842,934)	(20,562,659)
TOTAL EQUITY		14,264,973	13,323,040	8,269,069

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 2016

	Contributed Equity	Share Option Reserve	Fair Value Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2016	32,988,552	895,193	282,229	(20,842,934)	13,323,040
Loss for the period	-	-	-	(637,997)	(637,997)
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	-	(637,997)	(637,997)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued for cash during the period (net of transaction costs)	1,500,772	-	-	-	1,500,772
Fair value of free attaching options	(190,208)	190,208	-	-	-
Shares issued not for cash during the period (net of transaction costs)	114,163	-	-	-	114,163
Options issued in lieu of transaction costs	(80,681)	80,681	-	-	-
Director options issued during the half-year	-	81,180	-	-	81,180
Fair value of investments	-	-	(116,185)	-	(116,185)
BALANCE AT 31 DECEMBER 2016	34,332,598	1,247,262	166,044	(21,480,931)	14,264,973
BALANCE AT 1 JULY 2015	27,791,828	553,025	-	(19,289,796)	9,055,057
Loss for the period	-	-	-	(1,392,863)	(1,392,863)
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	-	(1,392,863)	(1,392,863)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
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	-
BALANCE AT 31 DECEMBER 2015	28,398,703	433,025	-	(20,562,659)	8,269,069

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 2016

	31 Dec 2016 \$ Inflows/ (Outflows)	31 Dec 2015 \$ Inflows/ (Outflows)
Cash flows from operating activities		
Interest received	57,743	20,056
Sundry income received	2,329	1,165
R & D tax incentive received	464,031	147,538
Payments to suppliers and employees (inclusive of goods and services taxes)	<u>(689,977)</u>	<u>(481,213)</u>
Net cash flows used in operating activities	<u>(165,874)</u>	<u>(312,454)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	(2,271,147)	(908,874)
Proceeds from the sale of 20% of the Acra Gold Project	500,000	-
Payments for plant and equipment	<u>(37,171)</u>	<u>-</u>
Net cash flows used in investing activities	<u>(1,808,318)</u>	<u>(908,874)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	1,518,299	625,500
Payment for transaction costs relating to the issue of shares	<u>(223,751)</u>	<u>(18,625)</u>
Net cash flows provided by financing activities	<u>1,294,548</u>	<u>606,875</u>
Net decrease in cash and cash equivalents held	(679,644)	(614,453)
Cash and cash equivalents at the beginning of the half- year	5,098,260	1,825,786
Cash and cash equivalents at the end of the half-year	<u>4,418,616</u>	<u>1,211,333</u>

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 2016

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose half-year financial statements for the half-year ended 31 December 2016 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 2016 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 2016 annual financial report for the financial year ended 30 June 2016.

In the half-year ended 31 December 2016, 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 2016.

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 2016 ('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 2016.

PIONEER RESOURCES LIMITED
and its controlled entities

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards ²	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1 January 2016	30 June 2017
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 June 2019

PIONEER RESOURCES LIMITED
and its controlled entities

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
2. REVENUE AND EXPENSES		
Revenue and expenses from continuing operations		
(a) Revenue		
Proceeds from the sale of 20% interest in the Acra Gold Project	500,000	-
Interest income	65,654	17,570
Other income	2,329	1,165
	567,983	18,735
(b) Expenses		
Contributions to employees superannuation plans	34,134	25,322
Depreciation	7,652	10,461
Expense of share-based payments	81,180	-
Rental expense on operating leases	52,090	57,121
Provision for employee entitlements	3,126	15,978
Exploration expenditure written off	131,375	1,014,877
	567,983	1,014,877

PIONEER RESOURCES LIMITED
and its controlled entities

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

		Consolidated	
		31 December	30 June
		2016	2016
		\$	\$
3. CAPITALISED MINERAL EXPLORATION			
Non-Current			
<i>In the exploration and evaluation phase</i>			
Cost brought forward – 1 July 2016/(1 July 2015)	8,025,942	7,321,888	
Add: Expenditure incurred during the half-year/year (at cost)	2,308,425	1,894,472	
Less: Acra Gold Project 20% interest divested (at cost)	(391,900)	-	
Exploration expenditure written off	(131,375)	(1,190,418)	
	9,811,092	8,025,942	

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 2016 totalled \$131,375 (31 December 2015: \$1,014,877) which related primarily to the WA regional lithium and Ravensthorpe projects where specific tenements underlying areas of interest were surrendered.

PIONEER RESOURCES LIMITED
and its controlled entities

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

	31 Dec 2016 \$	30 June 2016 \$	31 Dec 2015 \$
4. CONTRIBUTED EQUITY			
(a) Issued Capital			
1,037,732,328 ordinary shares; (30 June 2016: 992,692,207 ordinary shares); (31 December 2015: 720,385,273 ordinary shares)	34,332,598	32,988,552	28,398,703

During the half-year ended 31 December 2016 the following ordinary shares were issued:

- (a) On 21 July 2016 the Company issued a total of 42,174,962 ordinary shares at an issue price of 3.6 cents each following an offer from the Company's Share Purchase Plan, which raised \$1,518,300 (before issue costs).
- (b) On 23 September 2016 the Company issued 731,750 ordinary shares at a deemed issued price of 3.4 cents per share to International Lithium Corp as First Earn In Consideration under the Raleigh Lithium Project Heads of Agreement.
- (c) On 23 September 2016 the Company issued 2,133,409 ordinary shares at an issue price of 4.18 cents each to Milford Resources Pty Ltd following shareholder approval obtained on 13 September 2016.

(b) Options

During the half year ended 31 December 2016 the following options were issued:

- (a) On 23 September 2016 the Company lodged a transaction specific prospectus for the offer of 14,058,215 listed options to eligible shareholders who participated in the Company's Share Purchase Plan under which shares were issued to eligible shareholders on 21 July 2016. The options are exercisable at 6 cents each by 31 July 2018. The issue of the options was approved in a General Meeting held on 13 September 2016.
- (b) On 5 September 2016 the Company issued a total of 3,270,400 unlisted options to a nominee of Sanlam Private Wealth Pty Ltd at an exercise price of 6 cents each by 4 September 2018.
- (c) On 12 October 2016 the Company issued a total of 6,000,000 unlisted options to Directors and/or their related parties with an exercise price of 6 cents each by 31 July 2018. The issue of the options was approved in a General Meeting held on 13 September 2016.

The fair value of the 6,000,000 equity-settled share options granted during the half-year ended 31 December 2016 was calculated by an independent expert and was estimated as at the date of grant using a Binominal option model taking into account the terms and conditions upon which the options were granted as follows:

Item	
Underlying Security spot price	\$0.025
Exercise Price	\$0.06
Grant Date	13 September 2016
Expiration date	31 July 2018
Life of Options (years)	1.875
Volatility	147%
Risk Free Rate	1.58%
Number of Options	6,000,000
Valuation per Option	\$0.01353
Valuation per Class	\$81,180

During the half year ended 31 December 2016 no options expired.

PIONEER RESOURCES LIMITED
and its controlled entities

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

4. CONTRIBUTED EQUITY

(b) Options

The following unlisted options are outstanding in respect of ordinary shares as at 31 December 2016:

Number of Options	Exercise Price	Expiry
44,339,669 (i)	6 cents each	31 July 2018
30,000,000 (ii)	30 cents each	15 October 2017
5,500,002 (ii)	2.6 cents each	30 April 2018
5,500,001 (ii)	5 cents each	30 April 2018
5,499,997 (ii)	7.5 cents each	30 April 2018
3,270,400 (ii)	5.4 cents each	4 September 2018
6,000,000 (ii)	6 cents each	31 July 2018
100,110,069		

(i) listed options (ASX Code: P100).

(ii) unlisted options.

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

5. LOSS PER SHARE

The following reflects the loss and share data used in the calculations of basic and diluted loss per share:

Loss used in calculating basic and diluted loss per share

**31 Dec
2016
\$**

**31 Dec
2015
\$**

(637,997)

(1,392,863)

**Number of
Shares
2016**

**Number of
Shares
2015**

Weighted average number of ordinary shares used in calculating basic loss per share:

1,031,840,086

688,675,491

Effect of dilutive securities

Share options*

-

-

Adjusted weighted average number of ordinary shares used in calculating diluted loss per share

1,031,840,086

688,675,491

***Non-dilutive securities**

As at balance date, 55,770,400 unlisted options (which represent 100,110,069 potential ordinary shares) (31 December 2015: 46,500,000 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 2016.

7. EVENTS SUBSEQUENT TO BALANCE DATE

Since 31 December 2016, 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.

PIONEER RESOURCES LIMITED
and its controlled entities

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

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 two segments being Australia and Canada and these are treated as discrete segments. Detailed information on the segments is as follows:

Half-year ended 31 December 2016

	Australia	Canada	Total
Revenue	\$567,983	-	\$567,983
Operating loss before tax	\$636,464	\$1,533	\$637,997
Income tax	-	-	-
Net loss after tax	\$636,464	\$1,533	\$637,997
Segment assets	\$14,128,813	\$592,937	\$14,721,750
Segment liabilities	\$456,777	-	\$456,777

The Company's wholly owned subsidiary Pioneer Canada Lithium Corp was incorporated with effect on 11 July 2016. Prior to the incorporation of the Canadian subsidiary the consolidated entity was organised into one main operating segment which involved the exploration of minerals in Australia.

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 hold share and warrant holdings in International Lithium Corp (TSX Venture: ILC.V) which are measured at fair value.