

Tuesday 31 January 2012

Pioneer Resources Limited (ASX: PIO)

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2011

Mt Jewell Gold Project

- **Mining lease pegged covering the Tregurtha and Hughes gold deposits** achieved following 2 years of RC drilling
- **Metallurgical studies favour CIL* gold extraction**
very positive gold extraction results indicated up to 99% possible gold recovery
- **Large high-resolution Gravity survey is underway covering 490km²**
to generate a model of major structures including conduits for gold mineralisation
- **Four new gold targets to be evaluated in detail this quarter**
following the merging of new and pre-existing geochemistry and drilling results

Juglah Dome Gold Project

- **Orientation RAB Drilling confirms gold at two new prospects**
establishing Juglah Dome as Pioneer's next priority gold project
- **High resolution soil geochemistry has commenced**
which will test in detail six gold targets as a precursor to the next phase of drilling

Corporate

Capital raising initiatives were successfully completed during the quarter whereby 109,860,000 shares were issued raising approximately \$2.75 million (before costs). The Company now has 510,474,885 ordinary shares on issue. At the 31 December 2011 the Company had cash reserves of approximately \$3.48 million and no debt.

* Abbreviations are explained in the attached Glossary



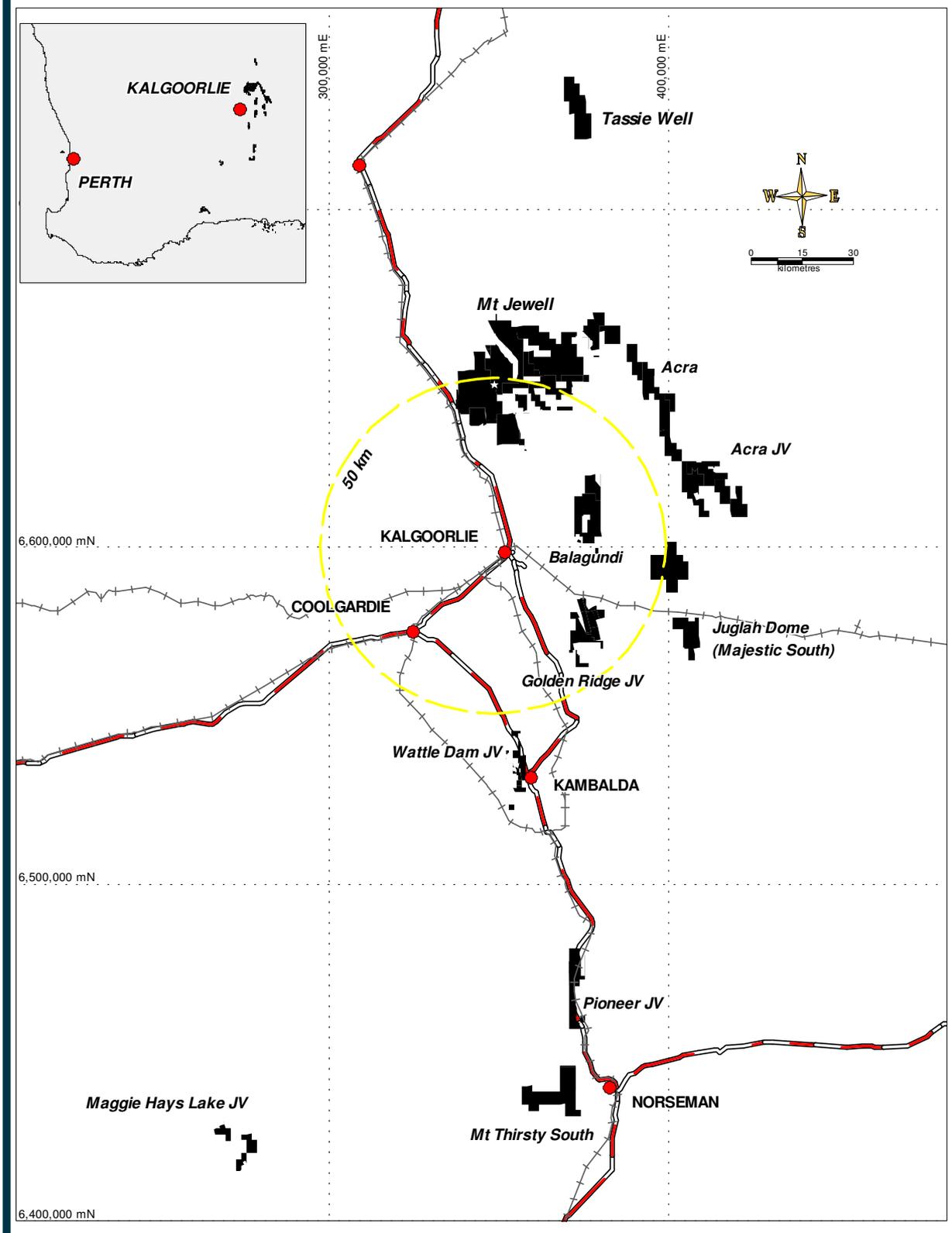


Figure 1: Tenement Location Plan

MT JEWELL GOLD PROJECT

Pioneer 100%. Gold

*The **Mt Jewell Gold Project** is located 55km north of Kalgoorlie, WA. In August 2011 the Company announced an initial Mineral Resource estimate of 185,600oz* for the project. Exploration activities are now focused on advancing the project towards mining development; while concurrently expanding the mineral resource base from within the Company's large, 100%-held, tenement portfolio - an area of over 900km².*

- **A Mining Lease, M24/944, was pegged covering the Tregurtha and Hughes gold deposits.**
- **Metallurgical studies continue to favour a CIL treatment route.**
- **New prospect generation advances and 4 new targets have been identified.**

HIGHLIGHTS

Metallurgy

Samples from Hughes and Tregurtha drill holes were submitted to AMMTEC Laboratories, Balcatta. Samples were sieved to produce + and – 6.3mm fractions which were further separated based on sample origin (Hughes or Tregurtha) and weathering (weathered or fresh). In this manner 6 composite samples were generated.

Conventional consumable and recovery testing for -6.3mm samples has been completed but not comprehensively reported as yet. In general, excellent results have been returned.

Initial comments indicate that excellent extraction results (92-99%) were achieved for all of the samples at the optimal grind size of 80% passing 75µm. The tests showed that oxide samples tended to exhibit higher viscosity and low settling rates, and hypersaline test water increased lime consumption when compared with fresh process water. (Hypersaline water is commonly used as process water in the Kalgoorlie goldfield region).

Bottle Leach testing, undertaken for the fresh +6.3mm fractions to provide a very basic emulation of a heap leach, indicated weak gold recovery.

Geophysics - gravity

A Gravity survey, covering the eastern half of the Mt Jewell Gold Project, is approximately 50% complete. The survey will see approximately 4,000 stations measured on a 500x250m grid and will be completed during February 2012. Gravity surveying has the potential to identify major structural zones within the Mt Jewell Gold Project that have acted to focus gold-bearing fluids, in particular during the structural evolution of the area that accompanies gold deposit formation in the Kalgoorlie region. As such, gravity surveys considerably aid the exploration discovery process presenting priority target areas for detailed follow-up exploration work.

* Summarised from an announcement by Pioneer Resources Limited dated 15 August 2011.

OUTLOOK

Detailed soil geochemistry

Following the completion of similar programs at the **Juglah Dome Gold Project**, detailed soil sampling will be completed to better refine four known gold-in-soil anomalies prior to drilling. This is a new process for Pioneer recommended by the Company's consultant geochemist, and follows on from a detailed review of gold geochemistry programs by Pioneer and earlier explorers. It is planned that up to 6,000 soil samples will be taken at these targets, with sampling expected to be complete by the end of March 2012.

RAB drilling

A program of work approval (POW) has been received for proposed RAB drilling programs to test three of the gold anomalies referred to above. The approval provides for up to 15,000m of drilling which is expected to commence in April 2012. The final drill hole layout will be determined following the completion of the detailed gold-in-soil geochemistry.

End-of-hole geochemistry and hyperspectral analysis

Samples for multi-element analysis are being routinely collected from old RAB drilling. The multi-element geochemistry dataset may identify alteration minerals related to the gold mineralisation event.

At a later date the samples will also be analysed using a hyperspectral scanner, and when complete both datasets will be interrogated for vectors for gold mineralisation. This program is most relevant for targeting future drilling along the Golden Cities North Trend.

JUGLAH DOME GOLD PROJECT

Pioneer 100%.

The Juglah Dome Gold Project is located 58 km SW of Kalgoorlie, WA. This project includes a series of new targets and is the result of exploration collaboration between Kalgoorlie prospectors and Pioneer geologists. The Project is located some 5km SE of the Majestic Gold Deposit, a recent gold discovery made by Integra Mining Limited.

HIGHLIGHTS

RAB Drilling

Three target areas were selected for orientation RAB drilling. The program comprised 88 drill holes for 1,891m and successfully provided information about the depth of weathering and subsurface geology.

Three holes, 2 at the JWT Prospect and one at the Moonbaker Prospect, intersected very anomalous gold and thus become the first priority targets for further work. Other anomalous gold results were encountered at FFB Prospect.

Hole ID	East (m)	North (m)	From (m)	To (m)	Intercept (m)	Grade Au (g/t)	Prospect
JDRB0194	406,433	6,572,907	21	24	3	0.92	Moonbaker
JDRB0223	406,818	6,572,679	16	17	1	1.51	JWT
JDRB0267	406,800	6,572,637	19	20	1	1.19*	JWT

Detailed soil geochemistry

Concurrently, a detailed review of the structural geology and project geochemistry - completed by both Pioneer and earlier explorers - was undertaken by Pioneer's consultant geochemist, and this has identified six areas for further work.

Based on the recommendations of this study, a detailed soil sampling program has commenced with approximately 30% of a 4,500 sample program completed.

The detailed soil sampling programs are expected to be completed by mid-February 2012, with results expected to be available before the end of February.

OUTLOOK

With the detailed soil geochemistry completed, drilling on the refined targets will commence and a provision for up to 10,000m of RAB drilling has been made. This is expected to commence in April 2012.

Royalty and Joint Venture Portfolio

To date, Pioneer has entered into 11 agreements with well credentialed explorers and miners whereby the incoming party is responsible for all expenditure associated with exploration and tenement maintenance. In general, Pioneer has either retained a free carried interest ("FCI") until a feasibility study has been completed, or a net smelter return ("NSR") royalty.

Project	Core Commodity	JV Partner	Pioneer Equity
Acra	Ni Sulphide	Xstrata Nickel Aust. Pty Ltd	20% FCI
Balagundi	VMS, Au	Alphabrass Pty Ltd	\$2.0 million farm-out
Tassie Well	VMS, Au	Alphabrass Pty Ltd	\$1.0 million farm-out
Larkinville	Au, Ni Sulphide	Ramelius Resources Limited	20% Ni 25% Au FCI
Wattle Dam	Ni Sulphide	Ramelius Resources Limited	20% Ni FCI
Maggie Hays Hill	Ni Sulphide	Norilsk	20% FCI
Pioneer Dome	Ni Sulphide	Panoramic	20% FCI
Ravensthorpe – Mt Chester	Manganese, Iron	Mineral Resources Limited	royalty by formula
Ravensthorpe – Mt Desmond	Cu, Au	Phillips River Mining Limited*	1.5% NSR royalty
Heazlewood-Whyte River (Tas)	Ni, Cu, PGE	Bass Metals Limited	2% NSR royalty
Heazlewood-Whyte River (Tas)	Tungsten, Iron, Tin	Venture Minerals Limited	2% NSR royalty

* Phillips River Mining Limited recently announced that it will merge its Ravensthorpe assets with Silver Lake Resources Limited, which will include the Mt Desmond tenements in which Pioneer holds a royalty interest.

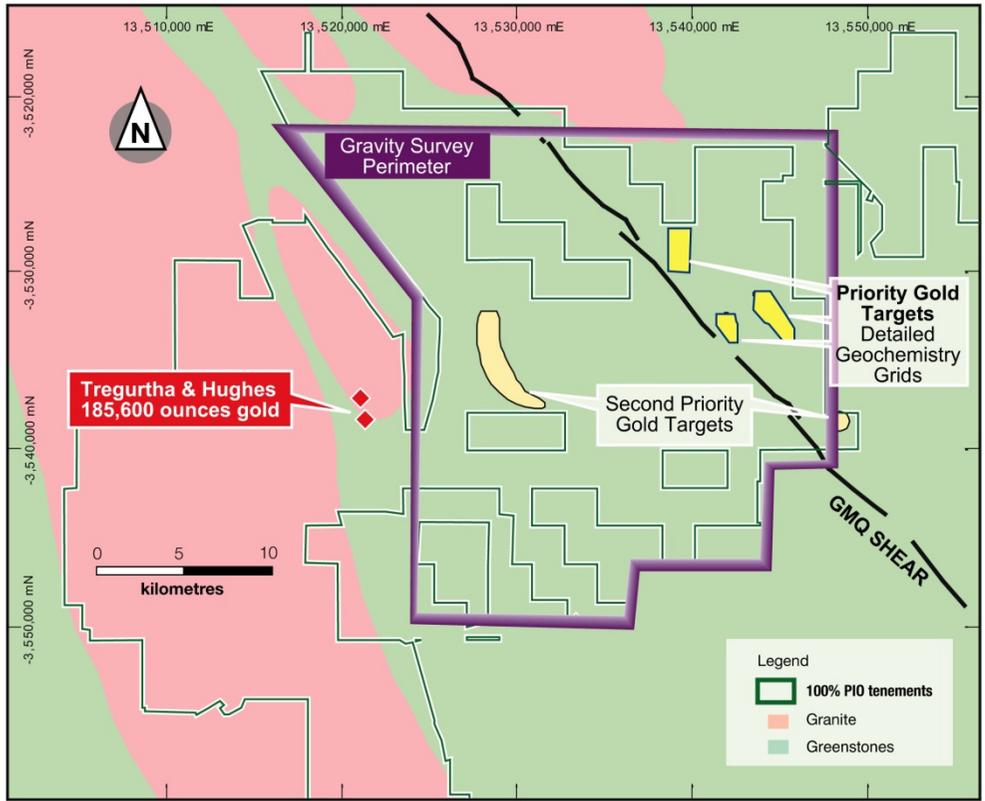


Figure 1. Exploration index plan showing the extent of the current 490km² gravity survey, and new first and second priority gold targets which will be the subject of detailed geochemistry during the current March 2012 quarter.

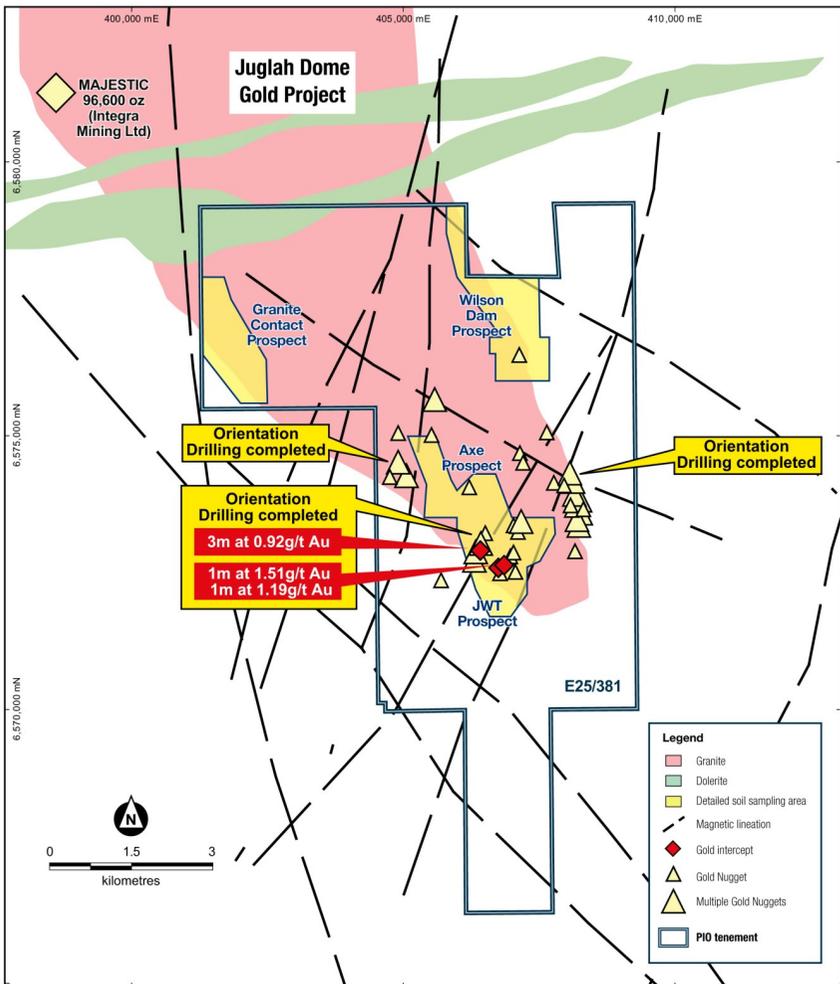


Figure 2. Juglah Gold Project showing recent orientation drilling sites, locations of anomalous results and the current detailed soil sampling program areas

Yours faithfully



Managing Director

Further information:
Mr David Crook Pioneer Resources Limited Telephone: (+61-8) 9322 6974

The information within this report as it relates to geology and mineralisation was compiled by Mr David Crook who is a full time employee of Pioneer Resources Limited, a member of The Australasian Institute of Mining and Metallurgy (member 105893) and is a Competent Person as defined by the 2004 JORC Code, having five years experience which is relevant to the style of mineralisation and type of deposit described in the Report. This person consents to the inclusion of this information in the form and context in which it appears in this report.

Glossary:

“BIF” means banded iron formation.

“CIL” means carbon in leach, which is an extraction process involving cyanide whereby gold is dissolved and then adsorbed onto particles of carbon before stripping and bullion production.

“Diamond Drilling” or “Core Drilling” is a drilling technique which uses a diamond-set drill bit to produce a cylindrical core of rock.

“EM” means electromagnetic, a geophysical survey technique used to locate conductive rocks which may host nickel sulphide mineralisation. There are a number of configurations of transmitters, receivers and processing available depending on the application.

“g/t” means grams per tonne (used for precious metals) and is equivalent to ppm.

“ppm” means 1 part per million by weight.

“LOI” means loss on ignition. This refers to the mass of volatile material lost when an iron sample is heated, and therefore is an indication of the rate that a sample may be thermally upgraded by calcining.

“RAB” means rotary air blast, a cost-effective drilling technique used to sample weathered rock.

“RC” means reverse circulation, a drilling technique that is used to return uncontaminated pulverised rock samples through a central annulus inside the drill pipes. RC samples can be used in industry-standard Mineral Resource statements.

“Au” means gold.

“Cu” means copper.

“Fe” means iron.

“Ni” means nickel.

“N”, “S”, “E”, or “W” refer to the compass orientations north, south, east or west respectively.

Appendix 5B Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

PIONEER RESOURCES LIMITED

ABN

44 103 423 981

Quarter ended ("current quarter")

31 December 2011

1. Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(467)	(917)
(b) development	-	-
(c) production	-	-
(d) administration	(299)	(554)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	28	59
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Joint venture exploration funding	52	67
Other income	1	8
Net Operating Cash Flows	(685)	(1,337)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(39)	(39)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Tenement bonds refunded	-	-
Net investing cash flows	(39)	(39)
1.13 Total operating and investing cash flows (carried forward)	(724)	(1,376)

1.13	Total operating and investing cash flows (brought forward)	(724)	(1,376)
	Cash flows related to financing activities		
1.14	Proceeds from capital raisings etc.	2,746	2,746
1.15	Share issue costs	(102)	(102)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	2,644	2,644
	Net increase (decrease) in cash held	1,920	1,268
1.20	Cash at beginning of quarter/year to date	1,563	2,215
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,483	3,483

2. Payments to directors of the entity and associates of the directors

3. Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	\$115
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Within item 1.2

- (i) Managing Director and Non-Executive Directors' remuneration - \$105k

4. Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

5. Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

6. Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	250
Total	650

7. Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	46	45
5.2 Deposits at call	3,437	1,518
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,483	1,563

8. Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		

6.2	Interests in mining tenements acquired or increased	NIL			
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9. Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	510,474,885	510,474,885		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	109,860,000	109,860,000	2.5 cents	Fully paid

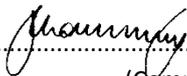
+ See chapter 19 for defined terms.

7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	Unlisted Options	200,000	-	<i>25 cents each</i>	<i>31 March 2012</i>
	Unlisted Options	750,000	-	<i>20 cents each</i>	<i>30 June 2012</i>
	Unlisted Options	750,000	-	<i>22 cents each</i>	<i>30 June 2013</i>
	Unlisted Options	3,366,665	-	<i>8.5 cents each</i>	<i>30 Nov 2013</i>
	Unlisted Options	3,341,665	-	<i>10 cents each</i>	<i>30 Nov 2013</i>
	Unlisted Options	3,341,670	-	<i>12 cents each</i>	<i>30 Nov 2013</i>
	Unlisted Options	433,333	-	<i>8.5 cents each</i>	<i>31 Dec 2013</i>
	Unlisted Options	433,333	-	<i>10 cents each</i>	<i>31 Dec 2013</i>
	Unlisted Options	433,334	-	<i>12 cents each</i>	<i>31 Dec 2013</i>
	Unlisted Options	4,333,331	-	<i>3.5 cents each</i>	<i>30 Nov 2014</i>
	Unlisted Options	4,333,331	-	<i>4.5 cents each</i>	<i>30 Nov 2014</i>
	Unlisted Options	4,333,338	-	<i>5 cents each</i>	<i>30 Nov 2014</i>
7.8	Issued during quarter				
	Unlisted Options	4,333,331	-	<i>3.5 cents each</i>	<i>30 Nov 2014</i>
	Unlisted Options	4,333,331	-	<i>4.5 cents each</i>	<i>30 Nov 2014</i>
	Unlisted Options	4,333,338	-	<i>5 cents each</i>	<i>30 Nov 2014</i>
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter				
	Unlisted Options	2,000,000	-	<i>10 cents each</i>	<i>31 Dec 2011</i>
	Unlisted Options	2,000,000	-	<i>12 cents each</i>	<i>31 Dec 2011</i>
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

10. Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~not~~* ~~(delete one)~~ give a true and fair view of the matters disclosed.

Sign here:

 (Company secretary) Date: 28 January 2012

Print name: JULIE ANNE WOLSELEY

+ See chapter 19 for defined terms.

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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