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5 July 2016

Company Announcements  
Australian Securities Exchange  
Level 40  
Central Park  
152 - 158 St Georges Terrace  
Perth WA 6000

Dear Sir/Madam

**DISTRIBUTION OF EXPLORATION DEVELOPMENT INCENTIVE (EDI) CREDITS**

Further to the Company's ASX Announcement dated 26 May 2016, the Company confirms it has distributed entitlements to the 2014-2015 EDI Credits to eligible shareholders based upon the Record Date of 31 May 2016.

As at the Record Date the Company had 900,981,591 ordinary shares on issue. Therefore, the EDI Credits distributed to eligible shareholders for the year ended 30 June 2015 equated to 0.04132 cents per share.

The attached letter has been despatched to eligible shareholders along with an individual EDI Statement.

By order of the Board

A handwritten signature in black ink, appearing to read "Julie Wolseley", is written over a faint, larger version of the same signature.

Julie Wolseley  
Company Secretary

**Private and Confidential**

30 June 2016

Dear Shareholder,

**PIONEER RESOURCES LIMITED – 2015 EXPLORATION DEVELOPMENT INCENTIVE – STATEMENT OF DISTRIBUTION**

In accordance with the Company's announcement released to the ASX on 26 May 2016, please find enclosed a statement of distribution of the Exploration Development Incentive (**EDI**) credits created by Pioneer Resources Limited (**Pioneer / ASX Code: PIO**) for distribution to Pioneer's eligible shareholders for the year ended 30 June 2015.

Please also find reproduced in Annexure 1 the guidance from the Australian Taxation Office's (**ATO**) website regarding how the EDI can be claimed by shareholders considered Australian tax residents for tax purposes in their 30 June 2016 income tax return.

**1. Background**

Pioneer participated in the Federal Government's EDI Scheme for the 2014-2015 tax year. The EDI legislation was passed by Parliament on 3 March 2015 and is effective from 1 July 2014 to run for three years based on an annual application. The process is administered by the ATO.

In broad terms, the EDI enables eligible exploration companies to create explorations credits (**EDI Credits**) by giving up a portion of its tax losses and distributing those EDI Credits to its shareholders. Shareholders considered Australian residents for tax purposes issued with EDI Credits will be entitled to a refundable tax offset (for shareholders who are individuals or superannuation funds) or franking credits (for shareholders which are companies). Non-resident shareholders will receive the EDI Credits but cannot utilise them in relation to any Australian tax payable. Pioneer's carry forward tax losses will be reduced proportionately to reflect the amount of EDI Credits created.

**2. Current Release**

Pioneer's maximum EDI Credit amount was \$372,371 for the year ended 30 June 2015, which it has chosen to create and issue in full to eligible shareholders on a pro rata basis.

Shareholder entitlements to the 2014-2015 EDI Credits were determined at 5pm (WST) on Tuesday 31 May 2016 (the **Record Date**) and are calculated based upon the number of shares held by each shareholder on the Record Date as a proportion of the total shares on issue on the Record Date. As at the Record Date Pioneer had 900,981,591 ordinary shares on issue. Therefore, the EDI Credits available for distribution to shareholders for the year ended 30 June 2015 equates to 0.04132 cents per share.

The 2014-2015 EDI Credits can be claimed by shareholders in the 2015-2016 tax year. Refer below to Annexure 1, which details the ATO's instructions on how to do so.

**3. Further information**

Please refer to the following websites if you need to seek further information on the EDI scheme:

- <http://www.ato.gov.au/business/exploration-development-incentive>
- <http://www.amec.org.au/policies/corporate-regulation-and-taxation/exploration-development-incentive>
- <https://www.ato.gov.au/Business/Exploration-Development-Incentive/What-to-do-when-you-receive-exploration-credits>

You may also have recently received an opportunity to participate in the Company's Share Purchase Plan ("the Plan"). The Plan follows a successful placement which raised **\$3,216,000** (before issue costs). Eligible Shareholders are now invited to apply for between \$900 and \$15,000 worth of new fully paid ordinary shares in the Company at an issue price of **3.6 cents per share**.

The Offer Price represents a discount of 20% to the volume weighted average closing market price of the Company's Shares traded on ASX in the 5 trading days prior to the announcement of the Plan on 27 June 2016 (Source: IRESS).

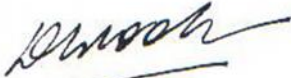
The Company plans to issue up to 69,444,444 New Shares to raise a **maximum of \$2,500,000** (before issue costs) under the Plan, to fund drilling and other exploration programs as outlined in greater detail in the Plan and Offer document.

The Company has also agreed to grant each eligible shareholder who participates in the Plan one option (on the same terms as the placement options) for every 3 new shares applied for and issued ("SPP Option"). The SPP Options will be subject to shareholder approval and will be issued under a disclosure document. Shareholders should note that there is no guarantee that shareholder approval will be granted and therefore there is no certainty that SPP Options will be issued to participating shareholders. The Company expects to convene a General Meeting to be held on or before 31 August 2016 to consider amongst other items the approval of the SPP Options. The Company also plans to lodge the requisite disclosure document on or around the date of the General Meeting.

**Applications will be managed on a "first in first served basis" and in any case must be received by no later than at 5.00pm (WST) on Wednesday 13 July 2016.**

If you have not received the Company's SPP Offer and the personalised Application Form please contact the Company's share registry on (08) 9315 2333.

Yours faithfully,



**David Crook**

Managing Director, Pioneer Resources Limited

## ANNEXURE 1 – HOW TO CLAIM THE EDI CREDIT

### **Disclaimer**

**The following information was obtained from the Australian Taxation Office's website and reproduced below as a guide only. The comments are therefore indicative and you should obtain your own personal tax advice. PIO accepts no responsibility for the correctness of the guidance reproduced below.**

The following comments apply if you are both an Australia tax resident and either:

- a) An individual
- b) A corporate tax entity
- c) A trust or partnership
- d) Exploration credits are received indirectly from a trust or partnership
- e) A superannuation entity or self-managed superannuation fund
- f) A life insurance company.

### **a) Individual**

If you are an Australian resident for tax purposes for the whole of the income year, you may be entitled to a refundable tax offset equivalent to the amount of EDI Credits you have received.

If you have received EDI Credits directly or indirectly from your shareholdings in a greenfields minerals explorer, you can claim your tax offset by completing item T9 of the individual income tax return for the 2015-2016 income tax.

You will need to add up all of your tax offsets you have received throughout the income year (including the tax offsets for EDI Credits) and write the total amount at label P. If you are only claiming a tax offset for EDI Credits, print E in the claim box. If you are claiming for more than one type of tax offset, print M in the claim box.

### **b) Corporate tax entity**

You are not entitled to refundable tax offsets for EDI Credits you receive. If you are an Australian resident taxpayer for the whole of the income year, you can recognise amounts of EDI Credits received as a franking credit in your franking account and distribute these to your shareholders.

### **c) Trust or partnership**

Trusts and partnerships are generally unable to directly benefit from EDI Credits. However, if you are a trust or partnership, you may provide a statement to your partners or beneficiaries advising of the EDI Credits received and the partner's or beneficiary's share of the EDI Credits received during the income year (**Distribution Statement**). The member's share of the EDI Credits received must be the same as the share that they would be entitled to receive of an equivalent franked distribution to the trust or partnership from the same source.

You must provide this distribution statement to your eligible members prior to the lodgement of your income tax return. However, if you are an investment body, then you must provide the distribution statement to your eligible members before the lodgement of the Annual Investment Income Report (**AIIR**).

### ***The distribution statement must satisfy certain requirements to be in the approved form***

Where the trust or partnership is directly issued with EDI Credits from the greenfields minerals explorer, the distribution statement must contain:

- The name of the entity (trust/partnership) that is providing the statement
- The member's share of the amount of EDI Credits that were issued to the trust or partnership by the greenfield minerals explorer under Subdivision 418-E of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) for the income year
- The name and ABN of the greenfields minerals explorer that issued the EDI Credits to the trust/partnership, and
- A statement that the trust/partnership would, apart from subparagraphs 418-10(b)(ii) and (iii), have been entitled to a tax offset under Subdivision 418-B of the ITAA 1997 for the income year in relation to the EDI Credit issued to it by the greenfields minerals explorer.

Where the trust or partnership is indirectly entitled to EDI Credits from another trust or partnership:

- The name of the entity (trust/partnership) that is providing the statement
- The member's share of the amount of EDI Credits under Subdivision 418-E of ITAA 1997 for the income year
- The name and ABN of the greenfields minerals explorer that issued the EDI Credits that flowed indirectly to the entity through one or more trust/partnership, and
- A statement that the entity would, apart from subparagraphs 418-10(b)(ii) and (iii), have been entitled to a tax offset under Subdivision 418-B of the ITAA 1997 for the income year in relation to the EDI Credit that is taken to have been issued to it.

In each case, if the trust or partnership is distributing EDI Credits from more than one greenfields minerals explorer to a member, the trust or partnership must ensure that the information in the statement that it provides to the member (outlined above) are separately itemised for each greenfields minerals explorer.

If you are a trustee that is liable to tax under subsection 98(1) or (2) or 99(2) or (3) of the *Income Tax Assessment Act 1936* (Cth), then you may be entitled to a tax offset for the EDI Credits received that are not distributed to your members.

#### **d) Exploration credits received indirectly from a trust or partnership**

If you have received EDI Credits through a trust or partnership, you may be entitled to a tax offset or franking credit equal to your share of the EDI Credits issued to the trust or partnership. Your share of EDI Credits must be the same as the share that you would be entitled to receive of an equivalent franked distribution to the trust or partnership from the same source.

You are only able to benefit from your share of EDI Credits to the extent that you would have been entitled to a tax offset if the distribution of the EDI Credit from the trust or partnership were instead a distribution of a hypothetical franked distribution that:

- Was of the same amount as your share of the EDI Credit
- Was made by the same entity that issued the EDI Credit, in the same circumstances and in relation to the same interests, and
- If you are a corporate tax entity, was made to you as if you were not a corporate tax entity.

#### **e) Superannuation entity or self-managed superannuation fund**

A superannuation entity or self-managed superannuation fund (SMSF) is entitled to a refundable tax offset where it has been an Australian resident for the whole income year and has received EDI Credits.

If you are a superannuation entity or SMSF and have received EDI Credits, the amount of the tax offset is the value of the EDI Credits that you received during the income year. You should include that amount at E4 of the relevant income tax return.

#### **f) Life insurance company**

Life insurance companies are eligible to receive refundable tax offsets for EDI Credits received from investments they hold on behalf of their policy-holders. If you are an Australian resident for the whole of the income year and received EDI Credits on shares you hold on behalf of your policy holders, you must include the amount at E Refundable tax offsets in the Calculation Statement part of the company tax return.

If you are a life insurance company and receives EDI Credits from investments you do not hold on behalf of your policy holders, then you may be entitled to include additional franking credits in your franking account for the EDI Credits received from these investments.