



Welcome back, David Crook

Pioneer Resources 21 Aug 13

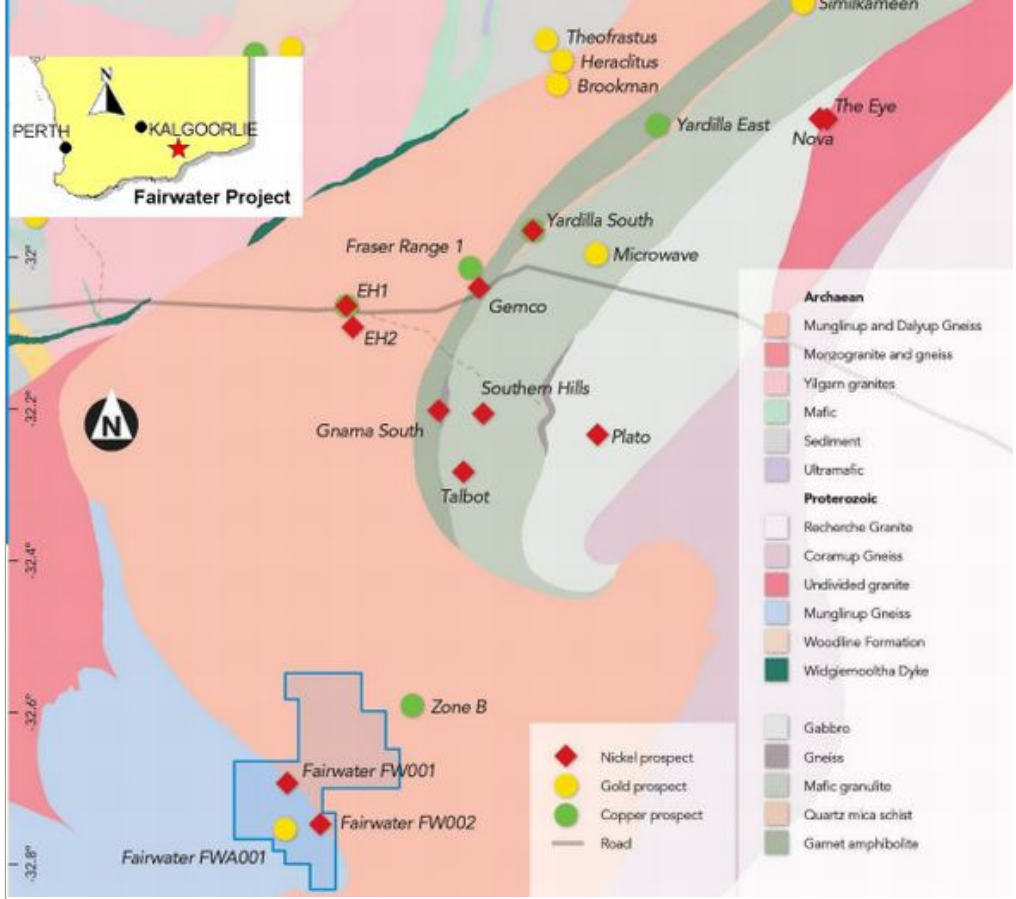
PIO



Exploring away

Pioneer Resources is pushing ahead with three exploration projects, where the company to date has reported some very encouraging results. The Acra gold project is the company’s primary focus. Nickel at Blair however has an interesting past and a potentially bright future. While at its recently acquired Fairwater project, exploration is just getting underway.

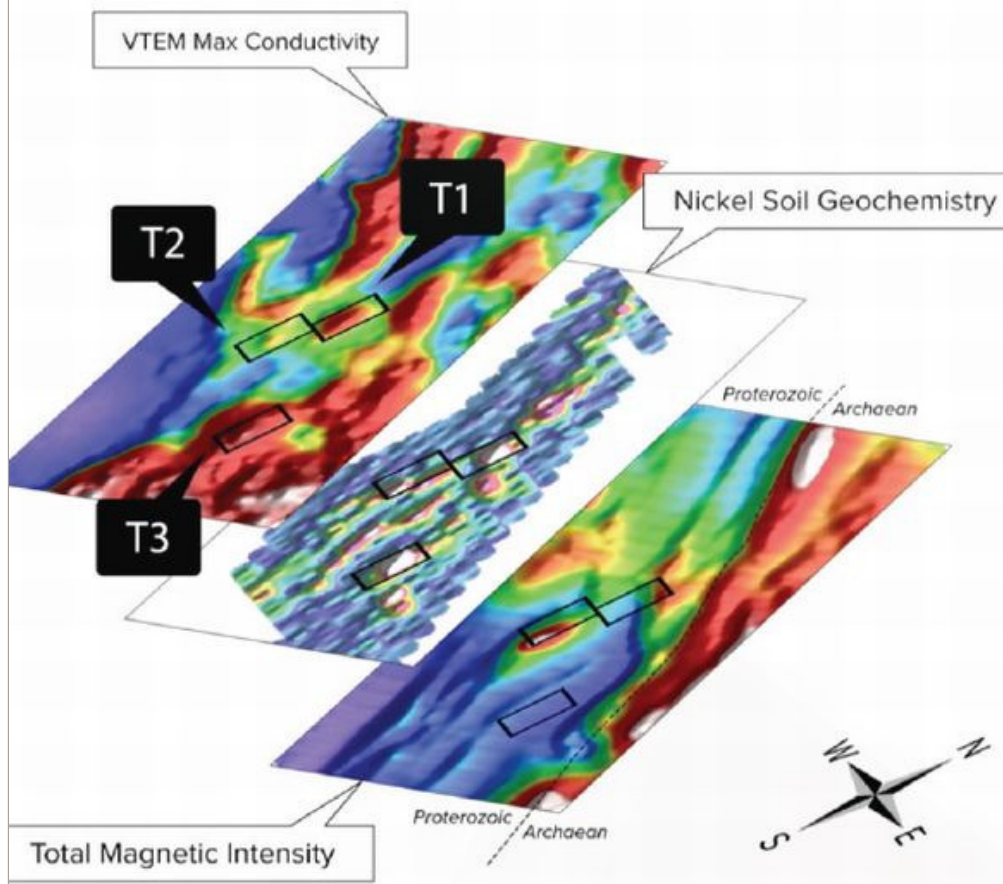
The Fairwater nickel and gold project (Pioneer’s interest 75%) covers 1,506 square kilometres of ground including ground in the prospective Albany-Fraser Orogenic Zone. The following figure shows the location of the Fairwater project.



Source: Pioneer Resources

The company’s initial exploration priority will be two nickel-copper anomalies in FWN001 and FWN002 shown above. An airborne versatile time dominate electromagnetic survey of the site has identified three priority targets for further exploration and potential drilling.

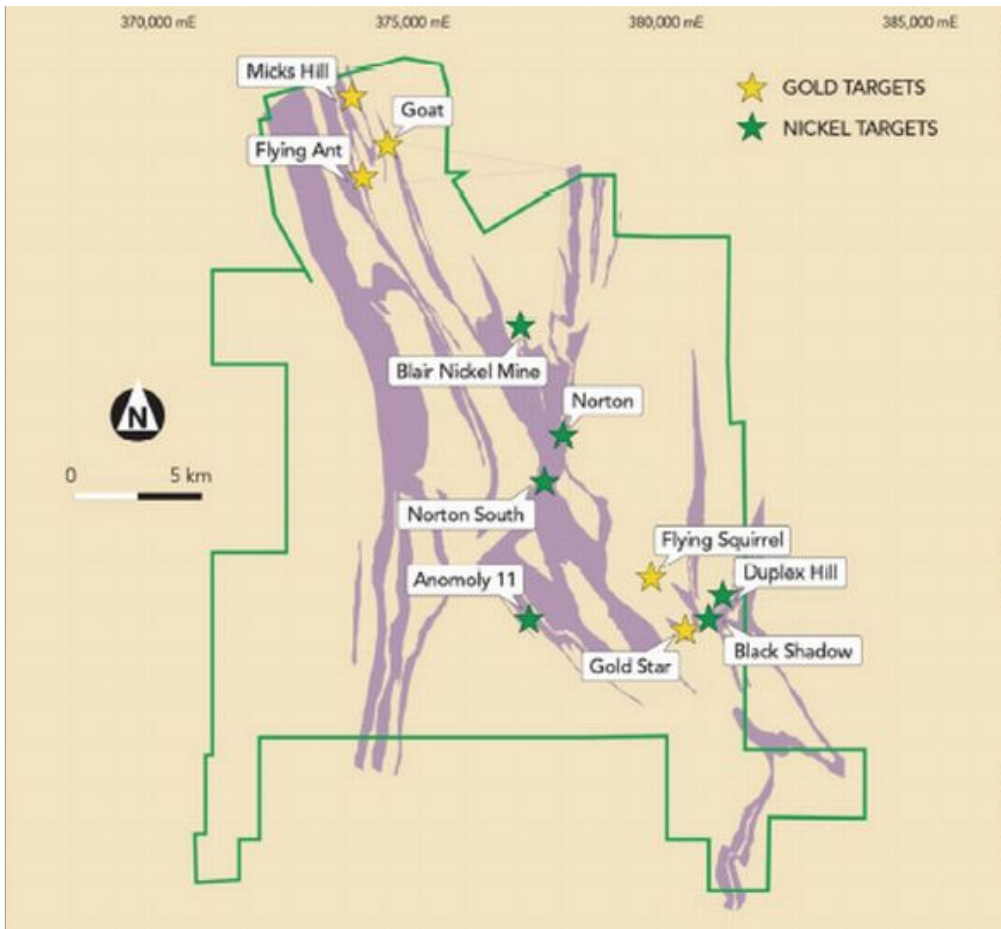
Surface geochemistry results have also confirmed the presences of nickel-copper-chromium in the soil within the region of the targets. The following figure shows the alignment of the results from exploration activities in identifying the targets.



Source: Pioneer Resources

Ongoing exploration at Fairwater will include ground electromagnetic surveys and drilling. Regarding future drilling at Fairwater, the company has been awarded A\$120,000 in Exploration Incentive Funding from the Western Australian State Government. Drilling is planned for Fairwater later in the current year.

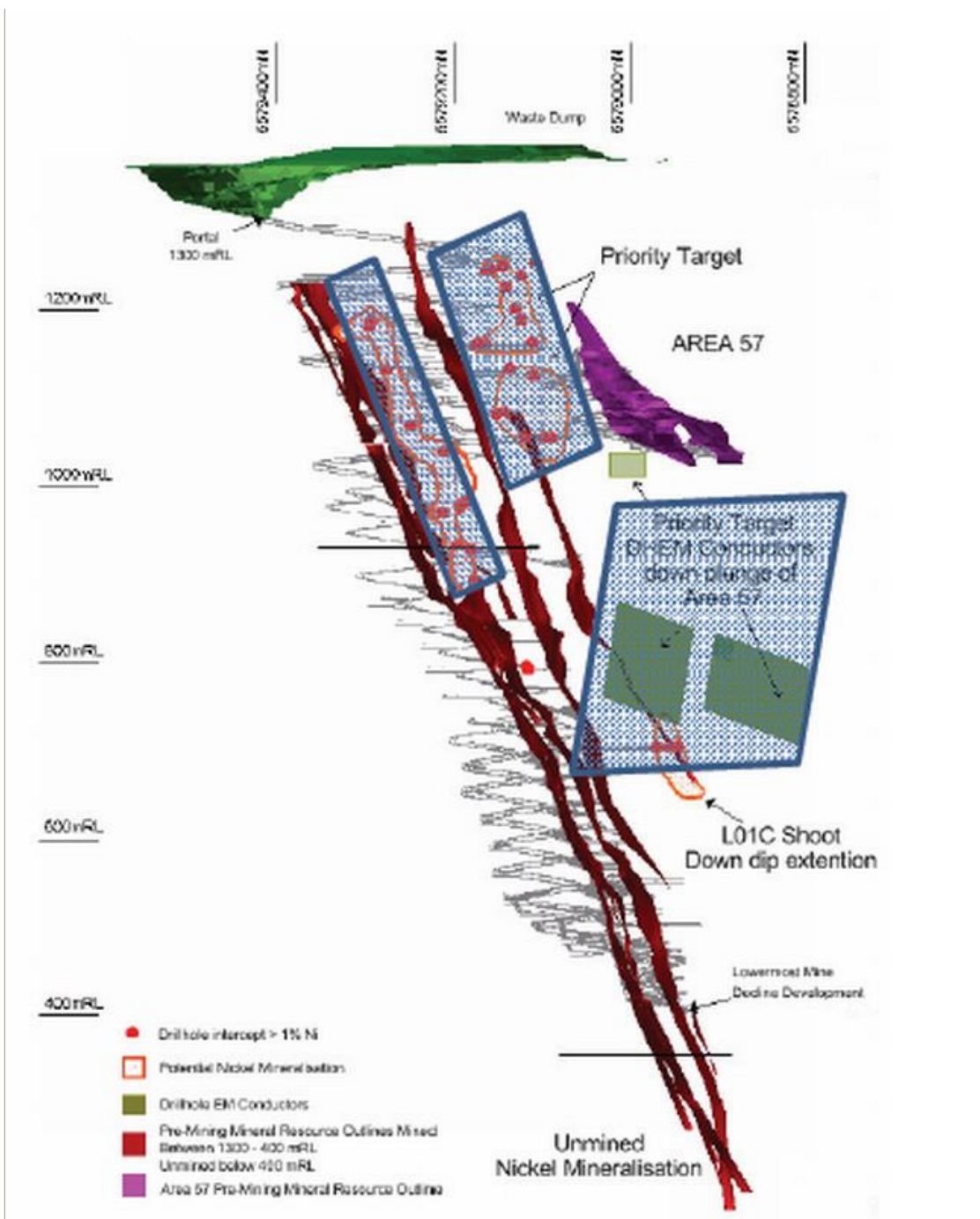
The region around the old Blair nickel mine hosted in the Golden Ridge tenement is also drawing attention from the company. The following figure shows the Golden Ridge tenement.



Source: Pioneer Resources

The company's current efforts at the Blair Nickel mine are to quantify a near mine mineral resource. The company is planning to upgrading the original closing mine resource to joint ore reserve code compliant standard.

A number of priority targets have been identified in close proximity to the old workings of the mine. The following figure shows a schematic of the old Blair Nickel mine workings (targets are highlighted).

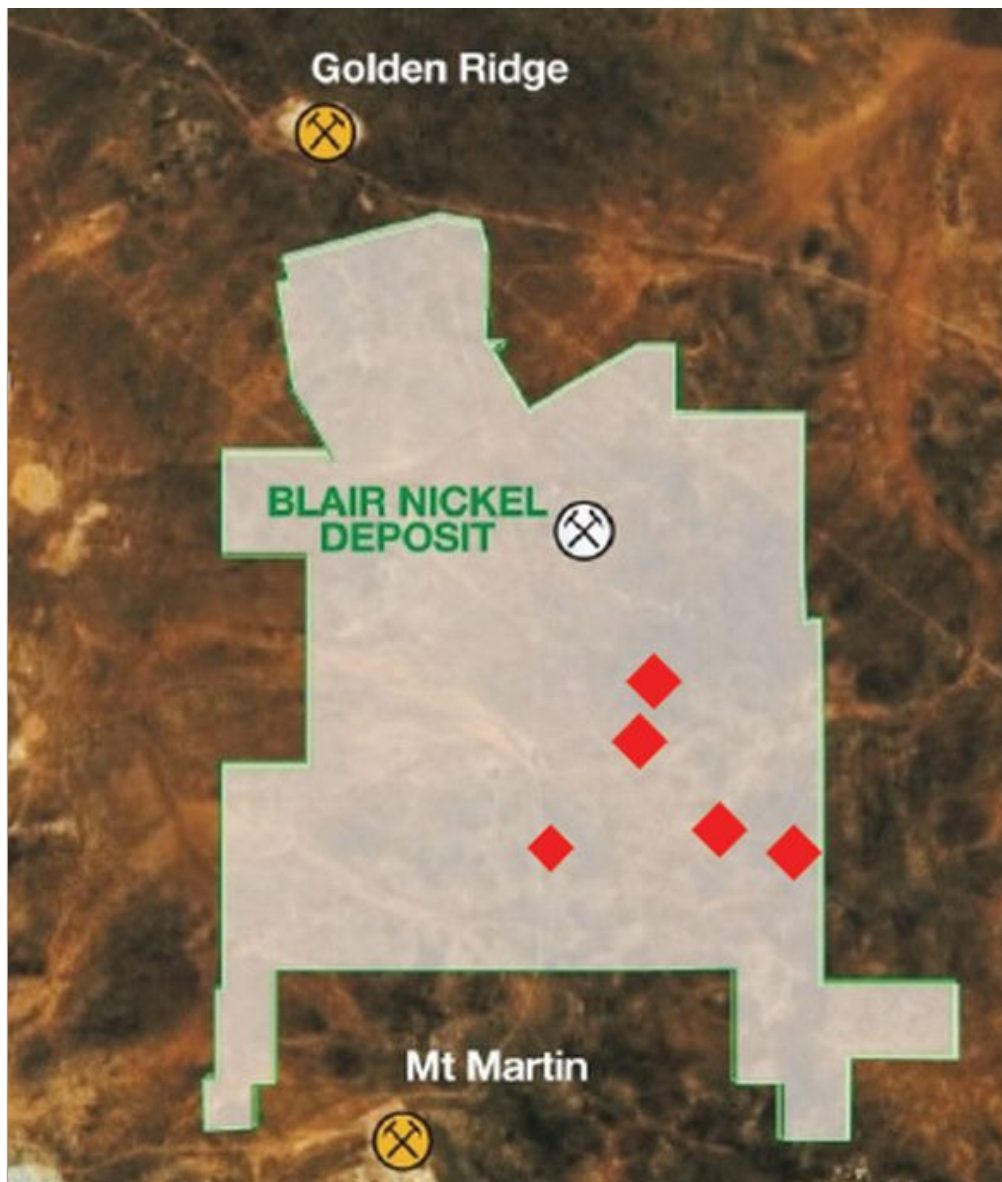


Source: Pioneer Resources

The company is of the view that near mine zones could still host considerable nickel mineralisation. High grade nickel of greater than 4% has been identified at the base of the old mine workings. The company's view is based on untested down-hole electromagnetic signatures and the geology around historic drill holes and mine workings in the zones being considered for further exploration.

We will monitor the news flow on the Fairwater project with considerable interest.

Golden Ridge is also host to five other anomalous geochemical and electromagnetic conductors that the company is currently prioritising for future exploration activity. The following figure shows the location of the five targets hosted in Golden Ridge.

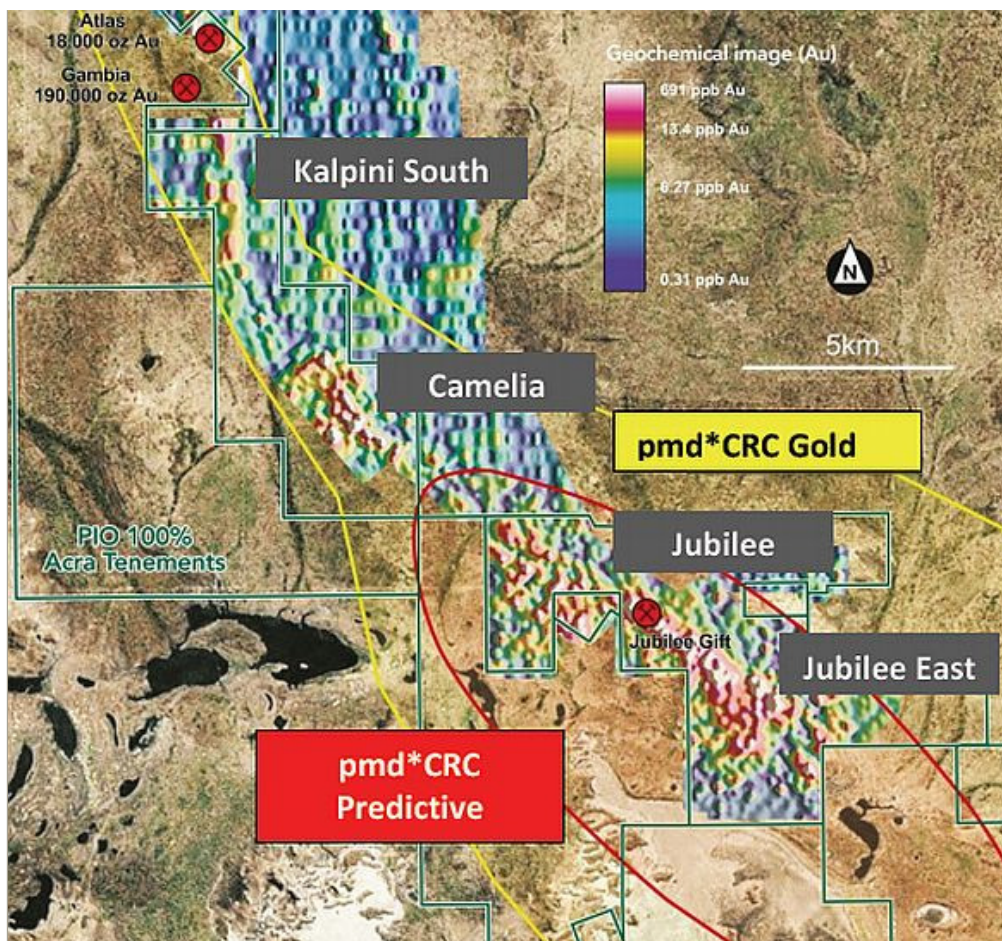


Source: Pioneer Resources

Drilling around the Blair Nickel mine will likely commence later in the year. Following the completion of the drill programme, the company will conduct further down-hole electromagnetic surveys. An off take agreement is in place with BHP Billiton for any potential nickel that maybe extracted from the Blair mine and region in the future.

We are of the view that the Blair Nickel mine has considerable exploration upside and could likely host yet to be mined nickel mineralisation. Again, we will monitor the company's announcements on its Blair Nickel mine activities with considerable interest.

The Acra gold project will certainly be the company's main focus for exploration in 2013. The Acra project has a potential strike of some 20 kilometres with the tenements covering an area of 466 square kilometres. The following figure shows the company's Acra tenements.



Source: Pioneer Resources

The company has acquired a 100% interest in the gold rights over the Acra tenements.

Results from the activities across the tree prospect sites have certainly been very encouraging. Kalpini South has had hits of ten metres graded 6.38 grams per tonne (g/t) gold from 61 metres deep and nine metres graded 5.31g/t gold from 36 metres deep. These results are significant.

The Jubilee East prospect has had intersections of two metres graded 12.41g/t gold from 57 metres deep and four metres graded 8.1g/t gold from 34 metres deep. Again, these are significant results.

Finally at the Camelia South prospect the results have been as impressive with three metres graded 3.68g/t gold from 42 metres deep and three metres graded 4.34g/t gold from 34 metres deep.

A field mapping is currently underway across Acra project. The mapping activities will produce a detailed map of the geology of the tenement. The map will be used to prioritise the prospects for drilling.

A follow-up drill programme of 18 holes has been approved and is expected to get underway in October. We consider all the results to date, would certainly place a high priority exploration tag on the project site.



At 30 June 2013, the company had cash on hand of A\$2.5 million. Expenditure for the current quarter is budgeted at A\$450,000, of which A\$300,000 is earmarked for exploration activities. Following the sale of assets, the company has a deferred consideration of A\$2.3 million that has yet to be paid to it. The outstanding consideration will be received in two tranches of A\$1.2 million on 6 March 2014 and A\$1.1 million on 6 March 2015. We consider the company is well resourced to complete all its current undertakings.



Going forward we consider the company is well positioned to continue to explore its prospective Acra project. The company has already commenced exploring one of a number of high priority gold anomalies on its Acra tenement. Early exploration results at Acra have confirmed the potential of the project to host a major mineralised gold deposit.

With the above in mind, we have reiterated our hold recommendation on Pioneer Resources.

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Snapshot PIO	
Pioneer Resources	
Latest closing price: \$0.013	
<p>The company is typical of many quality, junior exploration companies that are doing it tough in the current market environment. The company boasts a strong portfolio of exploration projects and a high quality board to properly evaluate them, but the company has to watch its spending as the ability to replenish its cash reserves dries up. Nevertheless, with modest funding the company is able to keep its exploration programs ticking over, mainly with the help of major shareholder, Xstrata.</p>	
Market Capitalisation	\$6.8m

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