

# Pioneer

RESOURCES LIMITED

## Concise Financial and Statutory Reports 2012

The CONCISE FINANCIAL REPORT has been derived from Pioneer Resources Limited's and its controlled entity 2012 full financial report. The financial statements included in the concise financial report cannot be expected to provide as full an understanding of Pioneer Resources Limited's and its controlled entity's financial performance, financial position and financing and investing activities as provided by the consolidated entity's full financial report. A copy of the consolidated entity's 2012 full financial report, together with the independent audit report, is available to all shareholders. Shareholders wishing to receive a full financial report and independent audit report may obtain a copy by contacting the Company (refer contact details in the Corporate Directory).



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## Corporate Directory

**DIRECTORS**

**Craig Ian McGown**  
Independent Non-Executive Chairman

**David John Crook**  
Managing Director

**Allan Trench**  
Independent Non-Executive Director

**Thomas Wayne Spilsbury**  
Independent Non-Executive Director

**COMPANY SECRETARY** **Julie Anne Wolseley**

**PRINCIPAL REGISTERED OFFICE**

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**SECURITIES EXCHANGE LISTING**

The Company's shares are quoted on the Australian Securities Exchange.  
The Home Exchange is Perth.

**ASX CODE** PIO - ordinary shares

## Contents

	<b>Pages</b>
<b>Directors' Report</b>	<b>1 - 10</b>
<b>Auditor's Independence Declaration</b>	<b>10</b>
<b>Statement of Comprehensive Income</b>	<b>11</b>
<b>Statement of Financial Position</b>	<b>12</b>
<b>Statement of Changes in Equity</b>	<b>13</b>
<b>Statement of Cash Flows</b>	<b>14</b>
<b>Notes to the Concise Financial Report</b>	<b>15 - 17</b>
<b>Directors' Declaration</b>	<b>18</b>
<b>Independent Auditor's Report</b>	<b>19</b>
<b>Corporate Governance Statement</b>	<b>20 - 28</b>
<b>ASX Additional Information</b>	<b>29 - 30</b>
<b>Summary of Tenements</b>	<b>31 - 33</b>

## Directors' Report

The Directors present their report on Pioneer Resources Limited and the entity it controlled at the end of and during the year ended 30 June 2012.

### DIRECTORS

The names and details of the Directors of Pioneer Resources Limited during the financial year and until the date of this report are:

#### **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 of 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 holds directorships in Bass Metals Ltd and Peel Mining Limited. Mr McGown is also the Vice President – Corporate Development for Marengo Mining Limited.

Mr McGown brings to the Board a comprehensive knowledge of equity and debt markets and financing of resource projects. During the three year period to the end of the financial year, Mr McGown held directorships in Entek Energy Ltd (18 July 2008 to 28 February 2011), Bass Metals Ltd (7 July 2004 to present) and Peel Mining Limited (1 February 2008 to present).

#### **David John Crook – B.Sc, MAusIMM, MAICD 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 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 engaged in operating 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 during the 1980-1990s and for 7 years was the exploration manager at Heron Resources Limited.

**Allan Trench – B.Sc (Hons), Ph.D, M.Sc (Min. Econ), MBA (Oxon), ARSM, AWASM, MAusIMM, GAICD**

#### **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, gold, vanadium and mineral sands. 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 and is now with CRU, an independent business analysis and consultancy group.

During the three year period to the end of the financial year, Dr Trench also held directorships in Navigator Resources Ltd (14 November 2005 to present), Venturex Resources Limited (12 November 2008 to present), Hot Chili Ltd (19 July 2010 to present), Kimberley Rare Earths Limited (2 December 2010 to present), Enterprise Metals Limited (3 April 2012 to present) and Trafford Resources Limited (7 May 2012 to present). Mr Trench also holds a directorship and acts as an independent Chairman in Acadian Mining Corporation (a listed company in TSX).

**Thomas Wayne Spilsbury – B.Sc (Hons), M.Sc (Geology), P. Geology (B.C.), FAusIMM, 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.

Mr Spilsbury currently holds directorships in Minco Silver Corporation, GGL Resources Corp and International Lithium Corp. (all TSX listed).

### COMPANY SECRETARY

**Julie Wolseley – B.Com, CA, MAICD**

Ms Wolseley was appointed Company Secretary on 11 August 2003. Ms Wolseley is the principal of a corporate advisory company with over 20 years of 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 on the board of OM Holdings Limited.

## Directors' Report (continued)

2

### PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year consisted of mineral exploration and development principally in Western Australia.

There have been no significant changes in these activities during the financial year.

### RESULTS OF OPERATIONS

The consolidated net profit after income tax for the financial year was \$722,014 (2011: consolidated net loss after income tax \$3,737,412).

### DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

### REVIEW OF OPERATIONS AND ACTIVITIES

The consolidated entity recorded an operating profit after income tax for the year ended 30 June 2012 of \$722,014 compared to the 30 June 2011 consolidated operating loss after income tax of \$3,737,412. Included within the result for the year ended 30 June 2012 was a profit of \$2,999,624 arising from the sale of the Western Mt Jewell Gold Project.

Pursuant to the Western Mt Jewell Project Tenement Sale Agreement dated 15 May 2012, between the Company and Carrick Gold Limited, the Company sold its 100% legal and beneficial interest in the exploration licences, prospecting licences and a mining lease application which comprised the Western Mt Jewell Gold Project, together with all drilling results and other information regarding the Western Mt Jewell Gold Project for total consideration of \$8 million staged over four instalments, as follows:

- (i) the first instalment, comprised \$4.5 million which was received on completion of the transaction on 5 June 2012;
- (ii) two instalments of \$1.2 million each which are due on 6 March 2013 and 6 March 2014 respectively; and
- (iii) a final instalment of \$1.1 million which is due on 6 March 2015.

The Company's Shareholders approved the sale of the Western Mt Jewell Gold Project to Carrick Gold Limited on 18 May 2012.

Exploration write-downs totalled \$950,071 which related primarily to the Acra Project, Higginsville, Mt Thirsty and Balagundi Projects. This compared to exploration write-offs of \$3,028,210 recorded in the prior year ended 30 June 2011.

During the year the consolidated entity incurred a total of \$2,116,869 on exploration expenditure of which \$107,577 was funded by way of joint venture contributions. A significant proportion of the exploration and evaluation expenditure was incurred on the Company's Juglah Dome and Gindalbie Gold Projects, Western Mt Jewell Gold Project and Golden Ridge JV Projects all located in Western Australia.

During the year the Company completed a number of capital raising initiatives. A total of 109,860,000 ordinary shares were issued during the year raising \$2,746,500 (before issue costs) for the purpose of advancing the Company's key exploration projects and supporting the Company's working capital requirements.

### Corporate and Financial Position

As at 30 June 2012 the consolidated entity had cash reserves of \$7,298,370 (2011: \$2,215,012).

The consolidated entity will continue its exploration programs including further drilling programs planned at the Company's 100% owned Company's Juglah Dome and Gindalbie Gold Projects, Golden Ridge JV Project and Acra Project.

### Business Strategies and Prospects

The consolidated entity currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to increase the value of the consolidated entity's mineral assets located in Western Australia through exploration success;
- (ii) Specifically advance the consolidated entity's Juglah Dome and Gindalbie Gold Projects as well as the Golden Ridge JV Project; and
- (iii) Continue to examine new mineral opportunities, with particular focus on advanced projects with the potential to deliver early cash flow opportunities.

## Directors' Report (continued)

### Risk Management

The Board is responsible for the oversight of the consolidated entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the consolidated entity are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the consolidated entity.

### EMPLOYEES

The consolidated entity employed 2 full-time employees as at 30 June 2012 (2011: 2 employees).

### SHAREHOLDER RETURNS

	2012 Cents	2011 Cents
Basic loss per share	0.2	(1.0)
Diluted loss per share	0.2	(1.0)
Share price – 30 June 2012 (30 June 2011)	1.7	3.1

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review except for:

#### Shares issued

The Company made the following share issues during the year:

- On 4 November 2011 and 7 November 2011 the Company completed a share placement of 60,000,000 ordinary shares at an issue price of 2.5 cents each which raised \$1,500,000 (before issue costs).
- On 5 December 2011 the Company issued 49,860,000 ordinary shares at an issue price of 2.5 cents per share under a Share Purchase Plan which raised \$1,246,500 (before issue costs).

The share placement was offered and accepted by professional and sophisticated investors within the exemptions detailed in section 708 of the *Corporations Act 2001*.

Proceeds from the share placement and Share Purchase Plan completed during the year were applied towards exploration programmes at the Company's operations and for working capital.

#### Sale of Western Mt Jewell Gold Project

Pursuant to the Western Mt Jewell Project Tenement Sale Agreement dated 15 May 2012, between the Company and Carrick Gold Limited, the Company sold its 100% legal and beneficial interest in the exploration licences, prospecting licences and a mining lease application which comprised the Western Mt Jewell Gold Project, together with all drilling results and other information regarding the Western Mt Jewell Gold Project for total consideration of \$8 million staged over four instalments, as follows:

- a. the first instalment, comprised \$4.5 million which was received on completion of the transaction on 5 June 2012;
- b. two instalments of \$1.2 million each due on 6 March 2013 and 6 March 2014 respectively; and
- c. a final instalment of \$1.1 million due on 6 March 2015.

The Company's Shareholders approved the sale of the Western Mt Jewell Gold Project to Carrick Gold Limited on 18 May 2012. The project sale generated a profit of \$2,999,624 which was included within the consolidated operating profit for the year ended 30 June 2012.

## Directors' Report (continued)

### OPTIONS OVER UNISSUED CAPITAL

#### Unlisted Options

During the financial year the Company granted the following unlisted options over unissued shares:

Issued To	Number of Options Granted	Exercise Price per Option	Value per Option at Grant date	Value of Options Granted	Vesting Date	Expiry Date
Directors	3,333,332	3.5 cents	1.02 cents	\$34,000	30 June 12	30 Nov 14
Directors	3,333,332	4.5 cents	0.9 cents	\$30,000	30 Nov 12	30 Nov 14
Directors	3,333,336	5 cents	0.85 cents	\$28,333	30 Nov 13	30 Nov 14
Employees/ Consultant	999,999	3.5 cents	1.02 cents	\$10,200	30 June 12	30 Nov 14
Employees/ Consultant	999,999	4.5 cents	0.9 cents	\$9,000	30 Nov 12	30 Nov 14
Employees/ Consultant	1,000,002	5 cents	0.85 cents	\$8,500	30 Nov 13	30 Nov 14
<b>Total</b>	<b>13,000,000</b>			<b>\$120,033</b>		

Since the end of the financial year the Company has not granted any unlisted options over unissued shares.

During the year a total of 8,350,000 unlisted options expired.

As at the date of this report unissued ordinary shares of the Company under option are:

	Number of Options	Exercise Price per Option	Expiry Date
	750,000 *	22 cents each	30 June 2013
	3,366,665*	8.5 cents each	30 November 2013
	3,341,665*	10 cents each	30 November 2013
	3,341,670	12 cents each	30 November 2013
	433,333*	8.5 cents each	31 December 2013
	433,333*	10 cents each	31 December 2013
	433,334	12 cents each	31 December 2013
	4,333,331*	3.5 cents each	30 November 2014
	4,333,331	4.5 cents each	30 November 2014
	4,333,338	5 cents each	30 November 2014
<b>Total</b>	<b>25,100,000</b>		

\* unlisted options fully vested.

The above options represent unissued ordinary shares of the Company under option as at the end of the financial year and as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options granted are entered in a register kept by the Company pursuant to Section 168(1) of the *Corporations Act 2001*, and the register may be inspected free of charge.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

#### CORPORATE STRUCTURE

Pioneer Resources Limited (ACN 103 423 981) is a company limited by shares that was incorporated on 17 January 2003 and is domiciled in Australia. The Company has prepared a consolidated financial report including the entity it controlled during the financial year, Western Copper Pty Ltd. Western Copper Pty Ltd (ACN 114 863 928) was incorporated on 21 June 2005. On 18 July 2012 a further entity controlled by the Company was incorporated known as Golden Ridge North Kambalda Pty Ltd (ACN 159 539 983).

## Directors' Report (continued)

### EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than market announcements released to the Australian Securities Exchange since balance date except for:

On 20 August 2012 the Company executed a Tenement Sale Agreement with Blair Nickel Mine Pty Ltd (a wholly-owned subsidiary of Australian Mines Limited) to acquire all the gold and remaining nickel interests at the Golden Ridge Project for consideration of \$700,000. The consolidated entity will also be responsible for the replacement of existing environmental performance bonds totalling \$207,000 as well as assuming an existing royalty over the tenements proposed to be acquired. Completion of the transaction in accordance with the Tenement Sale Agreement is subject to the satisfaction of certain conditions precedent including any necessary third party consents, execution of required deeds of covenant and statutory and regulatory approvals.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the consolidated entity.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware there has been no material breach of the consolidated entity's licence conditions and all exploration activities comply with relevant environmental regulations.

### INFORMATION ON DIRECTORS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Title	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options
Craig I McGown	Non-Executive Chairman Appointed on 13 June 2008	2,100,000	4,250,000
David J Crook	Managing Director Appointed on 11 August 2003	4,534,341	9,000,000
Allan Trench	Non-Executive Director Appointed on 8 September 2003	1,903,426	2,500,000
Thomas W Spilsbury	Non-Executive Director Appointed on 4 January 2010	750,000	2,800,000

### DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director were:

Director	Board of Directors' Meetings	
	Held	Attended
C I McGown	11	11
D J Crook	11	11
A Trench	11	11
T W Spilsbury	11	11

During the financial year there were eleven general Directors' meetings for which formal notice of meeting was given.

## Directors' Report (continued)

### REMUNERATION REPORT

Recommendation 8.1 of the ASX Corporate Governance Council's second edition of its Corporate Governance Principles and Recommendations (August 2007) states that the Board should establish a Remuneration Committee. The Board has formed the view that given the number of Directors on the Board, this function could be performed just as effectively with full Board participation. Accordingly it was resolved that there would be no separate Board sub-committee for remuneration purposes.

This report details the amount and nature of remuneration of each Director of the Company. Other than Directors, there were no executive officers of the Company during the year.

#### Overview of Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The overall remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide the Managing Director and the executive team with a remuneration package consisting of a fixed and variable component that together reflects the person's responsibilities, duties and personal performance. An equity based remuneration arrangement for the Board and the executive team is in place. The remuneration policy is to provide a fixed remuneration component and a specific equity related component, with no performance conditions. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration policy in regard to setting the terms and conditions for the Managing Director has been developed by the Board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Directors receive a superannuation guarantee contribution required by the government, which is currently 9% per annum and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part or all of their salary to increase payments towards superannuation.

All remuneration paid to Directors is valued at cost to the Company and expensed. Options are valued using the Black-Scholes or Binomial valuation methodology. In accordance with current accounting policy the value of these options is expensed over the relevant vesting period.

#### Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. The annual aggregate amount of remuneration paid to Non-Executive Directors was approved by shareholders on 19 November 2009 and is not to exceed \$400,000 per annum. Actual remuneration paid to the Company's Non-Executive Directors is disclosed below. Remuneration fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and have in limited circumstances received options.

On 29 November 2011 shareholders approved the issue of options to Messrs McGown, Crook, Trench and Spilsbury as part of their remuneration. The options are as outlined in Note 19(b) to the full financial report. The options had no performance conditions attached to the share based remuneration.

#### Managing Director and Senior Management

The remuneration of the Managing Director is dictated by his executive service agreement.

The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- Reward executives in line with the strategic goals and performance of the Company; and
- Ensure that total remuneration is competitive by market standards.



## Directors' Report (continued)

### REMUNERATION REPORT (CONTINUED)

#### Structure

Remuneration consists of the following key elements:

- Fixed remuneration;
- Fixed remuneration levels dictated by benchmark criteria; and
- Issuance of unlisted options

#### Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including any employee benefits eg. motor vehicles) as well as employer contributions to superannuation funds.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Remuneration packages for the staff who report directly to the Managing Director are based on the recommendation of the Managing Director, subject to the approval of the Board in the annual budget setting process.

#### Fixed Remuneration Benchmarks – Managing Director only

The remuneration of the Managing Director is linked to benchmarks associated with the Company's operational targets. These targets consist of a number of key performance indicators including acquisition or discovery of a significant economic mineral resource, enhancing corporate credibility and creation of value for shareholders.

At the end of the calendar year the Board assesses the actual performance of the consolidated entity and individual against the key performance indicators previously set. Any cash incentives and/or options granted require Board approval. Options proposed to be granted to the Managing Director also require shareholder approval.

#### Service Agreement

The Managing Director, Mr David Crook is employed under contract. The current Service Agreement was executed on 21 February 2012.

Under the terms of the present contract:

- The Service Agreement has no fixed term.
- Mr Crook may resign from his position and thus terminate the contract by giving two months written notice. On resignation any options that have not yet vested will lapse.
- The Company may terminate the contract by providing two months written notice or provide payment in lieu of notice by the Company. Any options that have vested, or will vest during the notice period will be released, whilst the options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unvested options will immediately lapse.
- If the Managing Director and the Company agree to terminate the contract by mutual consent, or if the Managing Director is removed, or if the Company enters into a deed of arrangement with creditors, placed under the control of receivers or is in breach of regulations, the Company will pay a sum to the Managing Director calculated in accordance with section 200G9(3) of the *Corporations Act 2001*.

## Directors' Report (continued)

### REMUNERATION REPORT (CONTINUED)

Details of the nature and amount of each element of the emoluments of each Director of Pioneer Resources Limited paid/accrued during the year were as follows:

#### 2012

Director	Base Emolument /Fees \$	Primary		Post Employment	Equity Compensation	Other	Total \$
		Motor Vehicle \$	Other Benefits \$	Superannuation/ Salary Sacrifice Contributions \$	Non Cash Options \$	Insurance \$	
C I McGown (Non – Executive Chairman) <sup>(i)</sup>	75,000	-	-	-	18,467	2,796	96,263
D J Crook (Managing Director)	259,649	15,000	30,000 <sup>(iii)</sup>	26,068	46,167	2,796	379,680
A Trench (Non-Executive Director)	50,459	-	-	4,541	13,850	2,796	71,646
T W Spilsbury (Non-Executive Director) <sup>(ii)</sup>	48,750	-	-	-	13,850	2,796	65,396
<b>Total</b>	<b>433,858</b>	<b>15,000</b>	<b>30,000</b>	<b>30,609</b>	<b>92,334</b>	<b>11,184</b>	<b>612,985</b>

(i) Mr McGown's fees were paid to an entity Resource Investment Capital Advisors Pty Ltd.

(ii) Mr Spilsbury's fees were paid to an entity GeoDuck Pty Ltd.

(iii) Subsequent to the end of the financial year, the Board approved the payment of a further bonus of \$25,000 to Mr Crook, following the completion of the sale of the Western Mt Jewell Gold Project, which is expected to be paid during the year ending 30 June 2013.

The movement during the year by value, of options over ordinary shares held by each of the Directors is detailed in Note 19(b) to the full financial report.

#### 2011

Director	Base Emolument /Fees \$	Primary		Post Employment	Equity Compensation	Other	Total \$
		Motor Vehicle \$	Other Benefits \$	Superannuation/ Salary Sacrifice Contributions \$	Non Cash Options \$	Insurance \$	
C I McGown (Non – Executive Chairman) <sup>(i)</sup>	75,000	-	-	-	-	2,825	77,825
D J Crook (Managing Director)	252,294	10,000	4,663	22,706	-	2,825	292,488
A Trench (Non-Executive Director)	50,459	-	-	4,541	-	2,825	57,825
T W Spilsbury <sup>(ii)</sup> (Non-Executive Director)	40,000	-	-	-	-	2,825	42,825
<b>Total</b>	<b>417,753</b>	<b>10,000</b>	<b>4,663</b>	<b>27,247</b>	<b>-</b>	<b>11,300</b>	<b>470,963</b>

(i) and (ii) refer above.

Option remuneration as a percentage of total remuneration for the year ended 30 June 2012 for CI McGown was 19% (30 June 2011: 0%), for DJ Crook was 12% (30 June 2011: 0%), A Trench 19% (30 June 2011: 0%) and TW Spilsbury 21% (30 June 2011: 0%).

Other than the Directors disclosed above there were no other executive officers who received emoluments during the financial year ended 30 June 2012.

## Directors' Report (continued)

**REMUNERATION REPORT (CONTINUED)****ANALYSIS OF OPTIONS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION**

Details of vesting profiles of the options granted as remuneration to each of the Directors affecting remuneration in the current or future reporting periods are as follows:

Director	Number of Options	Grant Date	Date Vested and Exercisable	Expiry Date	Exercise Price per Option (Cents)	Value per Option at Grant Date (Cents)	% Vested in Year
Cl McGown	750,000	29 Aug 2008	29 Aug 2009	30 June 2013	22	3.78	-
	500,000	9 Dec 2009	30 Nov 2010	30 Nov 2013	8.5	3.36	-
	500,000	9 Dec 2009	30 Nov 2011	30 Nov 2013	10	3.32	21.19
	500,000	9 Dec 2009	30 Nov 2012	30 Nov 2013	12	3.25	33.58
	666,666	23 Dec 2011	30 June 2012	30 Nov 2014	3.5	1.02	100
	666,666	23 Dec 2011	30 Nov 2012	30 Nov 2014	4.5	0.90	55.52
	666,668	23 Dec 2011	30 Nov 2013	30 Nov 2014	5	0.85	26.94
DJ Crook	1,333,333	9 Dec 2009	30 Nov 2010	30 Nov 2013	8.5	3.36	-
	1,333,333	9 Dec 2009	30 Nov 2011	30 Nov 2013	10	3.32	21.19
	1,333,334	9 Dec 2009	30 Nov 2012	30 Nov 2013	12	3.25	33.58
	1,666,666	23 Dec 2011	30 June 2012	30 Nov 2014	3.5	1.02	100
	1,666,666	23 Dec 2011	30 Nov 2012	30 Nov 2014	4.5	0.90	55.52
	1,666,668	23 Dec 2011	30 Nov 2013	30 Nov 2014	5	0.85	26.94
A Trench	333,333	9 Dec 2009	30 Nov 2010	30 Nov 2013	8.5	3.36	-
	333,333	9 Dec 2009	30 Nov 2011	30 Nov 2013	10	3.32	21.19
	333,334	9 Dec 2009	30 Nov 2012	30 Nov 2013	12	3.25	33.58
	500,000	23 Dec 2011	30 June 2012	30 Nov 2014	3.5	1.02	100
	500,000	23 Dec 2011	30 Nov 2012	30 Nov 2014	4.5	0.90	55.52
	500,000	23 Dec 2011	30 Nov 2013	30 Nov 2014	5	0.85	26.94
TW Spilsbury	433,333	29 June 2010	31 Dec 2010	31 Dec 2013	8.5	2.12	-
	433,333	29 June 2010	31 Dec 2011	31 Dec 2013	10	2.07	33.39
	433,334	29 June 2010	31 Dec 2012	31 Dec 2013	12	2.00	39.87
	500,000	23 Dec 2011	30 June 2012	30 Nov 2014	3.5	1.02	100
	500,000	23 Dec 2011	30 Nov 2012	30 Nov 2014	4.5	0.90	55.52
	500,000	23 Dec 2011	30 Nov 2013	30 Nov 2014	5	0.85	26.94

**INDEMNIFYING OFFICERS AND AUDITOR**

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. Disclosure of the nature of the liability cover is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

**AUDITORS' INDEPENDENCE DECLARATION**

Section 370C of the Corporations Act 2001 requires the Company's auditors Butler Settineri (Audit) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is attached and forms part of this Directors' Report.

**NON-AUDIT SERVICES**

Fees for non-audit services comprising tax services were paid/payable to Butler Settineri Chartered Accountants during the year ended 30 June 2012 totalling \$Nil (30 June 2011: \$Nil).

## Directors' Report (continued)

10

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Annual Report. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

DATED at Perth this 12 October 2012

Signed in accordance with a resolution of the Directors.



**D J Crook**  
Managing Director

## Auditor's Independence Declaration

As lead auditor for the audit of Pioneer Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pioneer Resources Limited and the entity it controlled during the year.

**BUTLER SETTINERI (AUDIT) PTY LTD**  
Registered company auditor number 289109



**MARIUS VAN DER MERWE CA**  
Director  
Perth  
Date: 12 October 2012

Liability limited by scheme approved under a Professional Standards Legislation

# Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED	
	Note	2012 \$	2011 \$
<b>Continuing operations</b>			
Other income	2(a)	<b>8,162,484</b>	188,466
Total revenue	2(a)	<b>8,162,484</b>	188,466
Cost base of Western Mt Jewell Gold Project		<b>(5,003,376)</b>	-
Exploration expenditure written off	2(b)	<b>(950,071)</b>	(3,028,210)
Employee expenses		<b>(813,775)</b>	(967,986)
Corporate expenses		<b>(192,104)</b>	(143,107)
Decrease in the carrying value of receivables		<b>(185,000)</b>	-
Non-Executive Directors' fees		<b>(178,750)</b>	(170,000)
Expense of share-based payments	2(b)	<b>(142,205)</b>	(159,535)
Legal expenses		<b>(126,885)</b>	(21,730)
Public relations		<b>(111,458)</b>	(30,941)
Rental expense on operating leases	2(b)	<b>(96,773)</b>	(93,606)
Depreciation	2(b)	<b>(41,950)</b>	(34,797)
Insurance expenses		<b>(37,364)</b>	(33,878)
Employee costs recharged to capitalised exploration		<b>562,158</b>	863,354
Administration costs recharged to capitalised exploration		<b>83,504</b>	80,158
Reimbursement of overhead expenditure		<b>837</b>	28,639
Other expenses		<b>(207,258)</b>	(214,239)
Profit/(loss) before income tax	3, 4	<b>722,014</b>	(3,737,412)
Income tax		-	-
Net profit/(loss) from continuing operations		<b>722,014</b>	(3,737,412)
Other comprehensive (loss)/income		<b>(9,000)</b>	9,000
Total comprehensive profit/(loss) for the year attributable to members of the Company		<b>713,014</b>	(3,728,412)
<b>Earnings/(loss) per share from continuing operations</b>			
Basic earnings/(loss) per share (cents per share)	6	<b>0.2</b>	(1.0)
Diluted earnings/(loss) per share (cents per share)	6	<b>0.2</b>	(1.0)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the concise financial report.

# Statement of Financial Position

AS AT 30 JUNE 2012

**CONSOLIDATED**

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,298,370	2,215,012
Other receivables		1,270,468	90,531
Other financial assets		38,941	71,600
<b>TOTAL CURRENT ASSETS</b>		<b>8,607,779</b>	<b>2,377,143</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables		2,115,000	-
Plant and equipment and motor vehicles		89,791	39,881
Capitalised mineral exploration		3,724,643	7,668,798
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,929,434</b>	<b>7,708,679</b>
<b>TOTAL ASSETS</b>		<b>14,537,213</b>	<b>10,085,822</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,311,142	343,747
Provisions		103,065	118,323
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,414,207</b>	<b>462,070</b>
<b>TOTAL LIABILITIES</b>		<b>1,414,207</b>	<b>462,070</b>
<b>NET ASSETS</b>		<b>13,123,006</b>	<b>9,623,752</b>
<b>EQUITY</b>			
Contributed equity		24,900,622	22,256,587
Share option reserve		446,870	693,422
Investments revaluation reserve		-	9,000
Accumulated losses	3	(12,224,486)	(13,335,257)
<b>TOTAL EQUITY</b>	4	<b>13,123,006</b>	<b>9,623,752</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the concise financial report.

## Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Contributed Equity	Share Option Reserve	Investment Revaluation Reserve	Losses	Total
<b>BALANCE AT 1 JULY 2010</b>		18,702,739	950,825	-	(10,014,783)	9,638,781
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	9,000	(3,737,412)	(3,728,412)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year (net of transaction costs)	4	3,553,848	-	-	-	3,553,848
Directors and employees options	4	-	159,535	-	-	159,535
Other options issued	3	-	(416,938)	-	416,938	-
<b>BALANCE AT 30 JUNE 2011</b>		<b>22,256,587</b>	<b>693,422</b>	<b>9,000</b>	<b>(13,335,257)</b>	<b>9,623,752</b>
<b>TOTAL COMPREHENSIVE PROFIT</b>		-	-	(9,000)	722,014	713,014
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year (net of transaction costs)	4	2,644,035	-	-	-	2,644,035
Directors and employees options	4	-	142,205	-	-	142,205
Transfer from share option reserve re: expired options	3	-	(388,757)	-	388,757	-
<b>BALANCE AT 30 JUNE 2012</b>		<b>24,900,622</b>	<b>446,870</b>	-	<b>(12,224,486)</b>	<b>13,123,006</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the concise financial report.

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

**CONSOLIDATED**

	2012 \$	2011 \$
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Interest received	148,704	198,381
Other income	9,500	1,000
GST received on sale of Western Mt Jewell Gold Project	800,000	-
Payments to suppliers and employees (inclusive of goods and services tax)	(1,037,948)	(761,113)
<b>Net cash used in operating activities</b>	<b>(79,744)</b>	<b>(561,732)</b>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of the Western Mt Jewell Gold Project	4,500,000	-
Payments for exploration and evaluation	(2,000,034)	(3,312,164)
Receipt of earn in funds re: Acra Joint Venture	110,961	188,680
Joint venture contributions received	-	144,590
Refund of joint venture funding in excess of expenditure	-	(108,498)
Payments for plant and equipment and motor vehicles	(91,860)	(26,433)
<b>Net cash from/(used in) investing activities</b>	<b>2,519,067</b>	<b>(3,113,825)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	2,746,500	4,573,451
Payments for transactions costs relating to the issue of shares	(102,465)	(93,256)
Refunds of oversubscriptions from capital raisings	-	(926,347)
<b>Net cash provided by financing activities</b>	<b>2,644,035</b>	<b>3,553,848</b>
<b>Net increase/(decrease) in cash held</b>	<b>5,083,358</b>	<b>(121,709)</b>
<b>Cash at the beginning of the financial year</b>	<b>2,215,012</b>	<b>2,336,721</b>
<b>Cash at the end of the financial year</b>	<b>7,298,370</b>	<b>2,215,012</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the concise financial report.



# Notes to the Concise Financial Report

FOR THE YEAR ENDED 30 JUNE 2012

## 1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

### (a) Basis of Preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of Pioneer Resources Limited ("the Company").

The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and 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.

Pioneer Resources Limited is a company limited by shares and incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange. The financial statements are presented in Australian dollars which is the Company's functional currency.

The financial report has been prepared on the historical cost basis except that the available-for-sale investments are carried at fair value.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

These accounting policies have been consistently applied by each entity in the consolidated entity.

The concise financial report was authorised for issue by the Directors on 12 October 2012.

### CONSOLIDATED

	2012 \$	2011 \$
<b>2. INCOME/EXPENSES/DIVIDENDS</b>		
<b>(a) Income</b>		
Sales revenue	-	-
Proceeds on sale of the Western Mt Jewell Gold Project	<b>8,000,000</b>	-
Interest revenue	<b>152,984</b>	187,466
Other income	<b>9,500</b>	1,000
	<b>8,162,484</b>	188,466
<b>(b) Expenses</b>		
Exploration expenditure written off	<b>950,071</b>	3,028,210
Share based payments expense	<b>142,205</b>	159,535
Rental expense on operating leases	<b>96,773</b>	93,606
Contributions to employees superannuation plans	<b>66,526</b>	81,026
(Reversal of)/provision for employee entitlements	<b>(15,258)</b>	26,412
Depreciation	<b>41,950</b>	34,797
<b>(c) Dividends paid or proposed</b>		
Dividends paid or proposed	-	-

## Notes to the Concise Financial Report (continued)

FOR THE YEAR ENDED 30 JUNE 2012

16

### CONSOLIDATED

	2012 \$	2011 \$
<b>3. ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the year	13,335,257	10,014,783
Net (profit)/loss attributable to members	(722,014)	3,737,412
Transfer from share option reserve re: expired options	(388,757)	(416,938)
Accumulated losses at the end of the year	<u>12,224,486</u>	<u>13,335,257</u>

### 4. TOTAL EQUITY RECONCILIATION

Total equity at the beginning of the year	9,623,752	9,638,781
Add: Contributions of equity	2,746,500	3,647,104
Less: Cost of contributions of equity	(102,465)	(93,256)
Add: Share option reserve	142,205	159,535
Add/(Less): Investments revaluation reserve	(9,000)	9,000
Add: Share of operating profit/(loss)	722,014	(3,737,412)
Total equity at the end of the year	<u>13,123,006</u>	<u>9,623,752</u>

### 5. 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.

### 6. EARNINGS/(LOSS) PER SHARE

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

### CONSOLIDATED

	2012 \$	2011 \$
Earnings/(loss) used in calculating basic and diluted earnings/(loss) per share	<u>722,014</u>	<u>(3,737,412)</u>

	Number of Shares 2012	Number of Shares 2011
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	468,357,344	373,772,115
<i>Effect of dilutive securities</i>		
Share options*	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	<u>468,357,344</u>	<u>373,772,115</u>

#### \*Non-dilutive securities

As at balance date, 25,100,000 unlisted options (30 June 2011: 20,450,000 unlisted options) which represent potential ordinary shares were not dilutive as the weighted average exercise price of the options were higher than the weighted average share price for the year.

## Notes to the Concise Financial Report (continued)

FOR THE YEAR ENDED 30 JUNE 2012

### 6. EARNINGS/(LOSS) PER SHARE (CONTINUED)

#### Conversions, calls, subscriptions or issues after 30 June 2012

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

### 7. CONTINGENT LIABILITIES

There were no contingent liabilities not provided for in the financial statements of the consolidated entity as at 30 June 2012 other than:

#### Native Title and Aboriginal Heritage

Native Title claims have been made with respect to areas which include tenements in which the consolidated entity has an interest. The consolidated entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the consolidated entity or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the consolidated entity has an interest.

### 8. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years, other than market announcements released to the Australian Securities Exchange since balance date except for:

On 20 August 2012 the Company executed a Tenement Sale Agreement with Blair Nickel Mine Pty Ltd (a wholly-owned subsidiary of Australian Mines Limited) to acquire all the gold and remaining nickel interests at the Golden Ridge Project for consideration of \$700,000. The consolidated entity will also be responsible for the replacement of existing environmental performance bonds totalling \$207,000 as well as assuming an existing royalty over the tenements proposed to be acquired. Completion of the transaction in accordance with the Tenement Sale Agreement is subject to the satisfaction of certain conditions precedent including any necessary third party consents, execution of required deeds of covenant and statutory and regulatory approvals.

### 9. FULL FINANCIAL REPORT

Further financial information can be obtained from the full financial report which is available from the Company, free of charge, on request. A copy may be requested by calling the Company on (08) 9322 6974.

## Directors' Declaration

18

In the opinion of the Directors of Pioneer Resources Limited the accompanying concise financial report of the consolidated entity, comprising Pioneer Resources Limited and its controlled entity for the year ended 30 June 2012, set out on pages 11 to 17.

- (a) has been derived from or is consistent with the full financial report for the financial year; and
- (b) complies with Accounting Standard AASB 1039: *Concise Financial Reports*.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 12th day of October 2012.

A handwritten signature in black ink, appearing to read 'D J Crook', is written over a solid horizontal line.

**D J Crook**  
Managing Director

# Independent Auditor's Report

TO THE MEMBERS OF PIONEER RESOURCES LIMITED

## Report on the Concise Financial Report

The accompanying concise financial report of Pioneer Resources Limited comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and related notes, derived from the audited financial report of Pioneer Resources Limited for the year ended 30 June 2012. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

## Directors' Responsibility for the Concise Financial Report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039: *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Pioneer Resources Limited for the year ended 30 June 2012. Our audit report on the financial report for the year was signed on 28 September 2012 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information included in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standards AASB 1039: *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## Auditor's Opinion

In our opinion, the concise financial report of Pioneer Resources Limited for the year ended 30 June 2012 complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

## Report on the Remuneration Report

We have audited the Remuneration Report included on pages 6 to 9 of the Directors' Report for the year ended 30 June 2012.

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Auditor's Opinion

In our opinion the Remuneration Report of Pioneer Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

## BUTLER SETTINERI (AUDIT) PTY LTD

Registered company auditor number 289109



**MARIUS VAN DER MERWE CA**

Director

Perth, Date: 12 October 2012

Liability limited by scheme approved under a Professional Standards Legislation

## Corporate Governance Statement

Pioneer Resources Limited (or “the Company”) is committed to implementing and maintaining the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council’s second edition of its *Corporate Governance Principles and Recommendations with 2010 Amendments*. The ASX Listing Rules require the Company to report on the extent to which it has followed the recommendations published by the ASX Corporate Governance Council.

This statement outlines the main corporate governance practices in place during the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

Further information about the Company’s corporate governance practices are set out on the Company’s website at [www.PIOresources.com.au](http://www.PIOresources.com.au).

### 1. BOARD OF DIRECTORS

#### 1.1 Role of the Board and Management

The Board of Pioneer Resources Limited is responsible for its corporate governance, that is, the system by which the Company and its wholly owned controlled entity (“consolidated entity”) is managed. In governing the consolidated entity, the Directors must act in the best interests of the consolidated entity as a whole. It is the role of senior management to manage the consolidated entity in accordance with the direction and delegation of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the consolidated entity. The Board must also ensure that the consolidated entity complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the consolidated entity.

To assist the Board to carry out its functions, it has developed a Code of Conduct to guide the Directors and key executives in the performance of their roles. The Code of Conduct is detailed in Section 3.1 of this statement and is contained on the Company’s website.

The Board represents shareholders’ interests in developing and then continuing a successful mineral resources business, which seeks to optimise medium to long-term financial gains for shareholders.

The Board is responsible for ensuring that the consolidated entity is managed in such a way to best achieve this desired result. Given the size of the consolidated entity’s exploration activities, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the consolidated entity, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the consolidated entity.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executive director and approving their remuneration;
- Appointing and removing the Company Secretary/Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the consolidated entity and measuring the performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and exploration expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the consolidated entity’s medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the consolidated entity’s financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the consolidated entity’s objectives and best practice are in place and that the consolidated entity and its officers act legally, ethically and responsibly on all matters.

The Board’s role and the consolidated entity’s corporate governance practices are being continually reviewed and improved as the consolidated entity’s business develops.

The Managing Director is responsible for running the affairs of the consolidated entity under delegated authority from the Board and implementing the policies and strategy set by the Board. In carrying out his responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the consolidated entity’s operational results and financial position.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the consolidated entity, in accordance with the delegated authority of the Board.

#### 1.2 Composition of the Board

To add value to the consolidated entity, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are disclosed in the Directors’ Report.

The consolidated entity recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr McGown the Non-Executive Chairman, Dr Trench and Mr Spilsbury are all Non-Executive Directors and are also considered independent. From the Company's perspective Directors are considered to be independent when they are independent of management and free from any business or other relationship which could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

If the consolidated entity's activities increase in size, nature and scope the size of the Board will be reviewed and the optimum number of directors required for the Board to properly perform its responsibilities and functions will be re-assessed.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director) is subject to re-appointment by shareholders not later than the third anniversary following their last appointment. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A managing director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

### 1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the consolidated entity. It is required to do all things that may be necessary to be done in order to carry out the objectives of the consolidated entity.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

#### 1.3.1 Leadership of the Consolidated Entity

Overseeing the consolidated entity and establishing codes that reflect the values of the consolidated entity and guide the conduct of the Board, management and employees.

#### 1.3.2 Strategy Formulation

Working with senior management to set and review the overall strategy and goals for the consolidated entity and

ensuring that there are policies in place to govern the operation of the consolidated entity.

#### 1.3.3 Overseeing Planning Activities

Overseeing the development of the consolidated entity's strategic plans (including exploration programmes and initiatives) and approving such plans as well as the annual budget.

#### 1.3.4 Shareholder Liaison

Ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.

#### 1.3.5 Monitoring, Compliance and Risk Management

Overseeing the consolidated entity's risk management, compliance, control and accountability systems and monitoring and directing the operational and financial performance of the consolidated entity.

#### 1.3.6 Consolidated Entity Finances

Approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.

#### 1.3.7 Human Resources

Appointing, and, where appropriate, removing the Managing Director as well as reviewing the performance of the Managing Director and monitoring the performance of senior management in their implementation of the consolidated entity's strategy.

#### 1.3.8 Ensuring the Health, Safety and Well-Being of Employees

In conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the consolidated entity's occupational health and safety systems to ensure the well-being of all employees.

#### 1.3.9 Delegation of Authority

Delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the consolidated entity and establishing and determining the powers and functions of any sub-committees.

#### 1.3.10 Environmental Management

Developing a policy, and in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the consolidated entity's systems.

Full details of the Board's role and responsibilities are contained in the Board Charter, a summary of which is contained on the Company's website.

## 1.4 Board Policies

Each member of the Board also supports the following policies in relation to undertaking their individual responsibilities:

### 1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the consolidated entity; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act 2001, absent himself from the room when discussion and/or voting occurs on matters about which the conflict relates.

### 1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

### 1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### 1.4.4 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

### 1.4.5 Board Access to Information

Subject to the Directors' Conflict of Interest guidelines referred to in Section 1.4.1 above, Directors have direct access to members of the Company's management and to Company information in the possession of management.

### 1.4.6 Related Party Transactions

Related party transactions include any financial transaction between a Director and the consolidated entity. Unless there is an exemption under the *Corporations Act 2001* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

## 1.5 Diversity

The Board has implemented a Diversity Policy in line with Corporate Governance guidelines. It believes that the promotion of diversity on its Board and across its employees within the Company is good practice and adds to the strength of the consolidated entity.

The Company recognises the value contributed to its operations by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Company actively values and embraces the diversity of its employees and is committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequality are not tolerated.

The Company is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees, to enhance Company performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Diversity Policy outlines the strategies and process according to which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company and representation of indigenous individuals. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

The Diversity Policy affirms existing employment arrangements which seek to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the Company's workforce includes such factors as religion, race, ethnicity, language, gender and age.

### 1.5.1 Gender Diversity

The ASX Corporate Governance Council recommendations relating to reporting are effective from 1 July 2011 and require the Company to set "measurable objectives" for achieving gender diversity and to report against them. The Company is still developing its objectives which will focus on ensuring the selection process at all levels within the Company is formal and transparent. The Board intends to establish appropriate measurable objectives by the end of the 2012 calendar year and to report progress against them in its 2013 Annual Report.

At 30 June 2012 the Company had a diverse workforce. The Administration Manager and the Company Secretary are both women. The Company also engages a number of external consultants in varying aspects of its operations who are also women.

## 2. BOARD COMMITTEES

The Board considers that the consolidated entity is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the consolidated entity's activities and to ensure that it adheres to appropriate ethical standards.



## 2.1 Audit Committee

Due to its size and composition, the Board has not established a separate audit committee. However, the external auditor has full access to the Board throughout the year.

In the absence of an audit committee, the Board when required sets aside time at Board meetings to deal with the issues and responsibilities usually delegated to the audit committee so as to ensure the integrity of the financial statements of the consolidated entity and the independence of the external auditor.

The Board in its entirety reviews the audited annual financial statements and the audit reviewed half-yearly financial statements and any reports which accompany published financial statements. The Board also considers the appointment of the external auditor and reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

The Board is also responsible for establishing policies on risk oversight and management.

## 2.2 Remuneration Committee

The Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The responsibilities of the Board in its entirety include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Managing Director, reviewing the Pioneer Resources Limited Directors', Officers', Employees' and Other Permitted Persons' Option Plan, reviewing superannuation arrangements, reviewing the remuneration of Non-Executive Directors and undertaking an annual review of the Managing Director's performance, including, setting with the Managing Director goals for the coming year and reviewing progress in achieving those goals.

The Company is committed to remunerating its executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

Overall Director Remuneration: Shareholders must approve the framework for any equity schemes if a Director is recommended for being able to participate in such a scheme.

Non-Executive Director Remuneration: Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently \$400,000 per annum.

## 2.3 Nomination Committee

A separate nomination committee has not been formed as the Board considers the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating the function to a separate committee.

The responsibilities of the Board in its entirety include devising criteria for Board membership, regularly reviewing the need for various skills, experience and diversity on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Board also oversees management succession plans including the Managing Director and his direct reports, and evaluates the Board's performance and makes recommendations for the appointment and removal of Directors.

Directors are appointed based on the specific governance skills required by the consolidated entity. Given the size of the consolidated entity and the business that it operates, the Company aims at all times to have at least one Director with experience in the mining and exploration industry, appropriate to the Company's market.

## 3. PROMOTING ETHICAL AND RESPONSIBLE DECISION-MAKING

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the consolidated entity.

### 3.1 Code of Conduct for Directors and Key Executives

The Board has adopted a Code of Conduct for Directors and key executives to promote ethical and responsible decision-making as per Recommendation 3.1. This code outlines how Pioneer Resources Limited expects its Directors and employees and its related bodies corporate to behave and conduct business in the workplace on a range of issues. The Company is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

A summary of the Company's Code of Conduct is also available on the Company's website.

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

### 3.2 Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company. A summary of the

Company's Code of Ethics and Conduct is also available on the Company's website.

All Directors and employees are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must advise that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established the Code of Ethics and Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, government authorities, creditors and the community as whole.

This Code includes the following:

*Responsibilities to Shareholders and the Financial Community Generally*

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the consolidated entity's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and international financial reporting standards.

*Employment Practices*

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company's assets or resources.

*Responsibilities to the Community*

As part of the community the Company:

- is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs; and
- encourages all employees to engage in activities beneficial to their local community.

*Responsibilities to the Individual*

The Company is committed to keeping private information confidential which has been provided by employees and investors and protect it from uses other than those for which it was provided.

*Conflicts of Interest*

Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

*How the Company Monitors and Ensures Compliance with its Code*

The Board, management and all employees of the Company are committed to implementing this Code of Ethics and Conduct and each individual is accountable for such compliance.

Disciplinary measures may be imposed for violating the Code.

**4. KEY MANAGEMENT PERSONNEL DEALING IN COMPANY SHARES**

The Company has a formal trading policy relating to the trading of securities by key management personnel (including Directors) of Pioneer Resources Limited which complies with ASX Listing Rule 12.12. A copy of the Company's Securities Trading Policy is available on the Company's website.

**5. INTEGRITY OF FINANCIAL REPORTING**

In accordance with the Board's policy, the Managing Director and the Company Secretary/Chief Financial Officer made the attestations recommended by the ASX Corporate Governance Council and section 295A of the *Corporations Act 2001* as to the consolidated entity's financial condition prior to the Board signing this Annual Report.

On submission of a set of the Company's financial reports for review by the Board, senior management confirms that to the best of their knowledge and ability the financial reports present a true and fair view in all material aspects of the Company's financial condition and that operational results are in accordance with relevant accounting standards.

Further, the statement made by senior management regarding the integrity of the financial statements also includes a statement regarding risk management and internal compliance and control which influence the policies adopted by the Board.

## 6. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

### 6.1 Continuous Disclosure to ASX

The Company has a formal Continuous Disclosure and Information Policy as required by Recommendation 5.1. This policy was introduced to ensure that the Company achieves best practice in complying with its continuous disclosure obligations under the ASX Listing Rules and ensuring the Company and individual officers do not contravene the *ASX Listing Rules*.

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

The Continuous Disclosure Policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

### 6.2 Communication with Shareholders

The Company places considerable importance on effective communications with shareholders. The Company's Shareholder Communications Strategy is available on the Company's website.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company to be provided to shareholders. Mechanisms employed include:

- the disclosure of full and timely information about the Company's activities in accordance with the disclosure requirements contained in the ASX Listing Rules;
- ASX Quarterly Reports;
- Half Yearly Report and Annual Report; and
- Presentations at the Annual General Meeting/General Meetings.

The Board encourages the full participation of shareholders at the Annual General Meeting to ensure a high level of

accountability and understanding of the Company's strategy and goals.

The Company's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

## 7. RISK MANAGEMENT

### 7.1 Approach to Risk Management and Internal Control

The Board recognises that risk management and internal compliance and control are key elements of good corporate governance.

The Company's Risk and Internal Control policy describes the manner in which the Company:

- identifies, assesses, monitors and manages business risks;
- identifies material changes to the Company's risk profile; and
- designs, implements and monitors the effectiveness of the internal compliance and control framework.

The Company considers that effective risk management is about achieving a balanced approach to risk and reward. Risk management enables the Company to capitalise on potential opportunities while mitigating potential adverse effects. Both mitigation and optimisation strategies are considered equally important in risk management.

### 7.2 Risk Management Roles and Responsibilities

The Board is responsible for reviewing and approving the Company's risk management strategy, policy and key risk parameters, including determining the consolidated entity's appetite for country risk and major investment decisions.

The Board is also responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Board has delegated oversight of the risk and internal control policy, including review of the effectiveness of the Company's internal control framework and risk management process, to the key executive management team in conjunction with the Board.

Management is responsible for designing, implementing, reviewing and providing assurance as to the effectiveness of the policy. This responsibility includes developing business risk identification, implementing appropriate risk treatment strategies and controls, monitoring effectiveness of controls and reporting on risk management capability.

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated

to the appropriate level of management within the Company with the Managing Director and his team having ultimate responsibility to the Board for the risk management and control framework.

Areas of strategic, operational, legal, business and financial risks are identified, assessed and monitored to assist the Company to achieve its business objectives, and are highlighted in the Business Plan presented to the Board by the Managing Director each year. The main operational risks have been identified as continuing to adequately fund the consolidated entity's projects, retention of quality staff, commodity prices and exchange rate fluctuations and the generally increasing cost of operations in the exploration and mining industry.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the consolidated entity.

Significant areas of concern are discussed at Board level. When appropriate, experts are invited to address Board meetings on the major risks facing the consolidated entity and to develop strategies to mitigate those risks.

### 7.3 Integrity of Financial Reporting

The Company's Managing Director and Company Secretary report in writing to the Board that:

- the financial statements of the Company for each half and full year present a true and fair view, in all material aspects, of the consolidated entity's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

### 7.4 Role of External Auditor

The Board seeks to ensure that ensure that the appointment of the external auditor is limited to maintaining the independence of the external auditor and to assess whether the provision of any non-audit services by the external auditor that may be proposed is appropriate.

The services considered not acceptable for provision by the external auditor include:

- internal audit;
- acquisition accounting due diligence where the external auditor is also the auditor of the other party;

- transactional support for acquisitions or divestments where the external auditor is also the auditor of the other party;
- book-keeping and financial reporting activities to the extent such activities require decision-making ability and/or posting entries to the ledger;
- the design, implementation, operation or supervision of information systems and provision of systems integration services;
- independent expert reports;
- financial risk management; and
- taxation planning and taxation transaction advice.

It is a requirement that there is a rotation of the external audit partner at least every five years and there is a prohibition in relation to the re-involvement of a previous audit partner in the audit service for two years following rotation.

### 8. ENCOURAGE ENHANCED PERFORMANCE

Board and management effectiveness are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature of the matter.

The Board has no formal policy in place to encourage enhanced performance, as it considers, in the context of the size and nature of the Company, that it would not improve the present modus operandi.

The Board has adopted and undertaken a self-evaluation process to measure its own performance during the financial year. This process included a full review of the performance of the board individually and as a whole, and included a review in relation to the composition, skills and diversity mix of the Directors of the Company.

The performance of all Directors is reviewed by the Chairman on an ongoing basis and any Director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other Board members.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year. Those guidelines include:

- attendance at all Board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed; and
- attendance at the Company's Shareholder Meetings. Non-attendance without reasonable excuse will result in that Director's position being reviewed.

The performance of each Director retiring at the next Annual General Meeting is taken into account by the Board in determining whether or not the Board should support the re-election of the Director. Board support for a Director's re-election is not automatic and is subject to satisfactory Director performance.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the consolidated entity's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the consolidated entity.

#### *Executive Remuneration Policy*

The Company's remuneration policy aims to reward executives fairly and responsibly in accordance with the international market and ensure that the Company:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- sets demanding levels of performance which are clearly linked to an executive's remuneration;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is where required, competitive within Australia and, for certain roles, internationally;
- benchmarks remuneration against appropriate comparator groups;
- aligns executive incentive rewards with the creation of value for shareholders; and
- complies with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to individual and business performance (compared against agreed financial and non-financial performance measures set at the start of the year), relevant comparative information and expert advice from both internal and independent external sources.

Remuneration consists of the following key elements:

- Fixed remuneration (which includes base salary, superannuation contributions or equivalents and other allowances such as motor vehicles);
- Variable annual reward (related to the Company and/or individual performance dictated by benchmark criteria); and
- Issuance of unlisted options

The operational targets for the Directors including the Managing Director and management consist of a number of key performance indicators including safety, exploration results, operating expenditure, return to shareholders' funds, enhancing corporate credibility and creation of value for shareholders.

At the end of the calendar year the Board assesses the actual performance of the consolidated entity and individual against the key performance indicators previously set. Any cash incentives and/or options granted require Board approval. Options proposed to be granted to any Directors also require shareholder approval.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors. The Board seeks independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the Company.

## **9. RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS**

The Company has introduced a formal Privacy Policy. The Company is committed to respecting the privacy of stakeholders' personal information. This Privacy Policy sets out the Company's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating stakeholders' information and the security of stakeholders' information.

Other than the introduction of a formal Privacy Policy, the Board has not adopted any other additional formal codes of conduct to guide compliance with legal and other obligations to legitimate stakeholders, as it considers, in the context of the size and nature of the Company, that it would not improve the present *modus operandi*.

As at 30 June 2012, the Company complied in all material respects with each of the Corporate Governance Principles and the corresponding Recommendations as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations") except as noted overpage:

Recommendation Reference	Notification of Departure	Explanation for Departure
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base, experience and diversity of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
3.3	Disclose the measurable objectives for achieving gender diversity	<p>The Diversity Policy outlines the strategies and process according to which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company and representation of indigenous individuals. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.</p> <p>The Board intends to establish appropriate measurable objectives by the end of the 2012 calendar year and to report progress against them in its 2013 Annual Report.</p>
4.1, 4.2, 4.3	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
7.1	A separate Risk Committee has not been formed to establish and document policies for the oversight and management of material business risks.	The Board considers that the Company is not currently of a size to justify the formation of a risk committee. The Board as a whole undertakes the process of reviewing the risks of the Company. Where appropriate independent consultants are also engaged to review identified areas of risk.
8.1	A separate Remuneration Committee has not been formed.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.
8.2, 8.3	No Formal Policy to encourage enhanced performance	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the introduction of such policies.

As the Company's activities increase in size, scope and/or nature the Company's corporate governance principles will be reviewed by the Board and amended as appropriate..

## ASX Additional Information

Pursuant to the Listing Requirements of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 5 October 2012.

### A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shareholders
1 – 1,000	96
1,001 – 5,000	155
5,001 – 10,000	196
10,001 – 100,000	1,263
More than 100,000	812
<b>Totals</b>	<b>2,522</b>

There were 550 holders of less than a marketable parcel of ordinary shares.

### B. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Listed Ordinary Shares	
	Number of Shares	Percentage Quoted
Xstrata Nickel Australasia Investments Pty Ltd	21,396,935	4.19%
Janet Wendy Turner	11,713,000	2.29%
Colbern Fiduciary Nominees Pty Ltd	9,831,292	1.93%
W & E Maas Holdings Pty Limited <Maas Family Account>	8,000,000	1.57%
Monex Boom Securities (HK) Limited <Clients Account>	7,345,031	1.44%
Mr Cedric Desmond Parker	6,209,877	1.22%
Basildene Pty Ltd <Warren Brown Super Fund Account>	6,001,518	1.18%
Orbit Drilling Pty Ltd	5,230,000	1.02%
Mr Olivier Robert Dupuy & Mrs Julie Elizabeth Dupuy <Enerjee Super Fund>	5,000,000	0.98%
Claymore Investments Pty Ltd <Waldeck Super Fund Account>	5,000,000	0.98%
Hazurn Pty Ltd <Buchhorn Super Fund Account>	4,636,077	0.91%
Mr Peter Anthony King	4,162,261	0.82%
Kurana Pty Ltd <Buchhorn Unit Fund>	3,724,646	0.73%
Robert Julian Hafner Pty Ltd <Hafner Super Fund Account>	3,700,000	0.72%
Rafe Pty Ltd <The Tomasich Super Fund Account>	3,500,000	0.69%
HSBC Custody Nominees (Australia) Limited	3,340,000	0.65%
Dr John Tomasich	3,000,000	0.59%
MBM Corporation Pty Ltd	3,000,000	0.59%
Neal Kilby	2,907,064	0.57%
Grace Fashion Pty Ltd	2,896,349	0.57%
	<b>120,594,050</b>	<b>23.64%</b>

## ASX Additional Information (continued)

### C. Unquoted Options

Options	Number of Options
Unlisted options exercisable at 22 cents each by 30 June 2013	750,000
Unlisted options exercisable at 8.5 cents each by 30 November 2013	3,366,665
Unlisted options exercisable at 10 cents each by 30 November 2013	3,341,665
Unlisted options exercisable at 12 cents each by 30 November 2013	3,341,670
Unlisted options exercisable at 8.5 cents each by 31 December 2013	433,333
Unlisted options exercisable at 10 cents each by 31 December 2013	433,333
Unlisted options exercisable at 12 cents each by 31 December 2013	433,334
Unlisted options exercisable at 3.5 cents each by 30 November 2014	4,333,331
Unlisted options exercisable at 4.5 cents each by 30 November 2014	4,333,331
Unlisted options exercisable at 5 cents each by 30 November 2014	4,333,338
	<b>25,100,000</b>

### D. Distribution of Unquoted Options

Analysis of numbers of optionholding by size of holding:

Distribution	Number of Optionholders
1 – 1,000	-
1,001 – 5,000	-
5,001 – 10,000	-
10,001 – 100,000	-
More than 100,000	12
<b>Totals</b>	<b>12</b>

### E. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.



## Summary of Tenements

Tenement	Holder	Status	Granted	PIO Comm -itment	Responsible	Notes
<b>Golden Ridge</b>						
E26/139	Blair Nickel Mine Pty Ltd	G	30/11/2010	\$29,000	Pioneer Resources Limited	7
M26/219	Blair Nickel Mine Pty Ltd	G	2/05/1988	\$94,300	Pioneer Resources Limited	7
M26/220	Blair Nickel Mine Pty Ltd	G	2/05/1988	\$100,000	Pioneer Resources Limited	7
M26/221	Blair Nickel Mine Pty Ltd	G	2/05/1988	\$95,800	Pioneer Resources Limited	7
M26/222	Blair Nickel Mine Pty Ltd	G	2/05/1988	\$61,000	Pioneer Resources Limited	7
M26/223	Blair Nickel Mine Pty Ltd	G	2/05/1988	\$36,400	Pioneer Resources Limited	7
M26/225	Blair Nickel Mine Pty Ltd	G	2/05/1988	\$29,200	Pioneer Resources Limited	7
M26/284	Blair Nickel Mine Pty Ltd	G	20/10/1989	\$68,600	Pioneer Resources Limited	7
M26/285	Blair Nickel Mine Pty Ltd	G	20/10/1989	\$55,400	Pioneer Resources Limited	7
M26/286	Blair Nickel Mine Pty Ltd	G	20/10/1989	\$59,000	Pioneer Resources Limited	7
M26/287	Blair Nickel Mine Pty Ltd	G	20/10/1989	\$76,800	Pioneer Resources Limited	7
M26/288	Blair Nickel Mine Pty Ltd	G	20/10/1989	\$55,700	Pioneer Resources Limited	7
M26/289	Blair Nickel Mine Pty Ltd	G	20/10/1989	\$86,500	Pioneer Resources Limited	7
M26/384	Blair Nickel Mine Pty Ltd	G	15/10/1991	\$5,000	Pioneer Resources Limited	7
<b>Gindalbie</b>						
E27/335	Pioneer Resources Limited	G	9/01/2007	\$50,000	Pioneer Resources Limited	1
E27/336	Pioneer Resources Limited	G	9/01/2007	\$120,000	Pioneer Resources Limited	1
E27/365	Pioneer Resources Limited	G	2/05/2008	\$30,000	Pioneer Resources Limited	
E27/388	Pioneer Resources Limited	G	30/01/2009	\$20,000	Pioneer Resources Limited	
E27/444	Pioneer Resources Limited	G	20/04/2011	\$10,000	Pioneer Resources Limited	
E27/446	Pioneer Resources Limited	P	20/04/2011	\$10,000	Pioneer Resources Limited	
E27/484	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
E27/486	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
E27/487	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
P27/2116	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
P27/2117	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
E27/384	Hemisphere Resources Limited	G	9/03/2012		Pioneer Resources Limited	7
<b>Juglah Dome</b>						
E25/381	Western Copper Pty Ltd	G	21/05/2009	\$31,500	Pioneer Resources Limited	4
E25/452	Pioneer Resources Limited	G	3/03/2011	\$35,000	Pioneer Resources Limited	
E25/481	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
<b>Acra</b>						
E27/273	Pioneer Resources Limited / Xstrata Nickel Australasia Operations Pty Ltd	G	22/12/2005	\$50,000	Pioneer Resources Limited	12
E27/278	Pioneer Resources Limited / Xstrata Nickel Australasia Operations Pty Ltd	G	13/12/2005	\$50,000	Pioneer Resources Limited	11, 12
E27/438	Pioneer Resources Limited	P	18/05/2012	\$22,000	Pioneer Resources Limited	
E27/482	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
E27/491	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
E28/1746	Pioneer Resources Limited / Xstrata Nickel Australasia Operations Pty Ltd	G	20/02/2008	\$30,000	Pioneer Resources Limited	11, 12
E28/1783	Pioneer Resources Limited	G	3/12/2008	\$31,500	Pioneer Resources Limited	8
E28/2109	Pioneer Resources Limited / Xstrata Nickel Australasia Operations Pty Ltd	G	2/05/2011	\$20,000	Pioneer Resources Limited	11
E28/2228	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
E28/2253	Pioneer Resources Limited	P	not granted		Pioneer Resources Limited	
E31/872-1	Pioneer Resources Limited	G	9/02/2010	\$30,000	Pioneer Resources Limited	12
P28/1120	Pioneer Resources Limited / Xstrata Nickel Australasia Operations Pty Ltd	G	20/02/2008	\$5,040	Pioneer Resources Limited	11

Summary of Tenements (continued)

Tenement	Holder	Status	Granted	PIO Comm- -itment	Responsible	Notes
<b>Mt Thirsty</b>						
E63/1182	Pioneer Resources Limited	G	21/07/2008	\$61,500	Pioneer Resources Limited	
P63/1838	Pioneer Resources Limited	G	22/02/2011	\$6,800	Pioneer Resources Limited	
<b>Balagundi</b>						
E27/341	Western Copper Pty Ltd	G	25/09/2009		Alphabrass Pty Ltd	4
E27/429	Western Copper Pty Ltd	G	4/01/2011		Alphabrass Pty Ltd	4
P25/2057	Western Copper Pty Ltd	G	20/08/2009		Alphabrass Pty Ltd	4
P25/2058	Western Copper Pty Ltd	G	20/08/2009		Alphabrass Pty Ltd	4
<b>Wattle Dam</b>						
M15/1101	Ramelius Resources Limited	G	19/03/2004		Ramelius Resources Limited	1,5a, 5b
M15/1263	Ramelius Resources Limited	G	24/08/2004		Ramelius Resources Limited	1,5a, 5b
M15/1264	Ramelius Resources Limited	G	24/08/2004		Ramelius Resources Limited	1,5a, 5b
M15/1323	Ramelius Resources Limited	G	30/06/2008		Ramelius Resources Limited	1,5a, 5b
M15/1338	Ramelius Resources Limited	G	30/06/2008		Ramelius Resources Limited	1,5a, 5b
M15/1769	Ramelius Resources Limited	G	30/06/2008		Ramelius Resources Limited	1,5a, 5b
M15/1770	Ramelius Resources Limited	G	30/06/2008		Ramelius Resources Limited	1,5a, 5b
M15/1771	Ramelius Resources Limited	G	30/06/2008		Ramelius Resources Limited	1,5a, 5b
M15/1772	Ramelius Resources Limited	G	30/06/2008		Ramelius Resources Limited	1,5a, 5b
M15/1773	Ramelius Resources Limited	G	30/06/2008		Ramelius Resources Limited	1,5a, 5b
<b>Larkinville</b>						
M15/1449	Pioneer Resources Limited / Ramelius Resources Limited	P	6/09/2012		Ramelius Resources Limited	6a, 6b
P15/4765	Ramelius Resources Limited	G	17/06/2010		Ramelius Resources Limited	6a, 6b
<b>Maggie Hayes Hill JV</b>						
E63/625	Pioneer Resources Limited / Lake Johnston Pty Ltd	G	8/09/2003		Lake Johnson Pty Ltd	9
<b>Pioneer</b>						
E63/1030	Pioneer Resources Limited / Pindan Exploration Company Pty Ltd	G	25/06/2007		Panoramic Resources Limited	2a, 2b, 2c, 3
<b>Ravensthorpe</b>						
E74/399	Western Copper Pty Ltd	G	29/04/2009		Phillips River Mining Limited	
E74/406	Western Copper Pty Ltd	G	12/08/2009		Phillips River Mining Limited	14a, 14b
M74/162	Galaxy Resources Limited	P	not granted		Phillips River Mining Limited	14a, 14b
M74/163	Pioneer Resources Limited	G	28/08/2006		Phillips River Mining Limited	14a, 14b
P74/259	Western Copper Pty Ltd	G	4/08/2009		Phillips River Mining Limited	14a, 14b
P74/260	Western Copper Pty Ltd	G	4/08/2009		Phillips River Mining Limited	14a, 14b
P74/304	Pioneer Resources Limited	G	19/02/2008		Phillips River Mining Limited	14a, 14b
P74/305	Pioneer Resources Limited	G	19/02/2008		Phillips River Mining Limited	14a, 14b
P74/306	Pioneer Resources Limited	G	19/02/2008		Phillips River Mining Limited	14a, 14b
<b>Tasmania</b>						
E31/2003	Bass Metals Limited	G	27/03/2004		Bass Metals Limited	15
E36/2003	Bass Metals Limited	G	31/07/2004		Bass Metals Limited	15

## Summary of Tenements (continued)

### NOTES

- |     |                                                                                                                                     |
|-----|-------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Heron Resources Limited retains pre-emptive right to purchase Nickel Laterite Ore                                                   |
| 2a  | BHP Billiton Minerals Pty Ltd has a right to negotiate an off-take agreement for nickel                                             |
| 2b  | Gold Fields Australia Pty Ltd has a right to negotiate an off-take agreement for gold over part of tenement                         |
| 2c  | Royalty of \$2/tonne of ore mined payable to Oroya Mining and Exploration Pty Ltd over part of tenement                             |
| 3   | Pioneer Resources Limited 20%, Pindan Exploration Company Pty Ltd 80%.                                                              |
| 4   | Western Copper Pty Ltd is a wholly-owned subsidiary of Pioneer                                                                      |
| 5a  | Wattle Dam JV Agreement: Title, Gold and Tantalum Rights held by Ramelius Resources Limited                                         |
| 5b  | Ramelius has an 80% interest in nickel rights                                                                                       |
| 6a  | Larkinville JV Agreement: Ramelius right to earn 75% in Gold and Tantalite                                                          |
| 6b  | Ramelius has an 80% interest in nickel rights                                                                                       |
| 7   | Pioneer beneficial holder                                                                                                           |
| 8   | Pioneer all mineral rights except gold which is held by Royce William Allen                                                         |
| 9   | Maggie Hays Lake JV Agreement: Lake Johnston Ltd 80% Pioneer 20% & free carried interest to commencement of mining                  |
| 11  | Acra JV Agreement: Xtrata Nickel Australasia Operations Pty Ltd holds 80%                                                           |
| 12  | Heron retains nickel laterite ore                                                                                                   |
| 14a | Ravensthorpe: Mineral Resources Limited option to acquire Fe and Mn rights. Pioneer may receive a royalty based on a formula        |
| 14b | Ravensthorpe: Title and rights to all minerals except Fe and Mn held by Phillips River Mining Limited. Pioneer 1.5% NSR             |
| 15  | Heazlewood and Whyte River Royalty Agreement with Bass Metals Ltd and Venture Minerals Limited. Pioneer to receive a 2% NSR royalty |

# Pioneer

RESOURCES LIMITED



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