



PIONEER RESOURCES LIMITED
ABN 44 103 423 981

2016

Full Financial Annual Report
For the year ended 30 June 2016

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PIONEER RESOURCES LIMITED

ABN 44 103 423 981

CORPORATE DIRECTORY

DIRECTORS

Craig Ian McGown
Independent Non-Executive Chairman

David John Crook
Managing Director

Dr 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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West Perth
Western Australia 6005

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2 Hopkins Street
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AUDITOR

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

SHARE REGISTRY

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross
Western Australia, 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233
Email: registrar@securitytransfer.com.au

SECURITIES EXCHANGE LISTING

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

ASX CODE

PIO - ordinary shares
PIOO – listed options exercisable at 6 cents each by 31 July 2018

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report on Pioneer Resources Limited and the entities it controlled at the end of and during the year ended 30 June 2016.

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 experience consulting to companies in Australia and internationally, particularly in the natural resources sector. He holds a Bachelor of Commerce degree, is a Fellow of the Institute of Chartered Accountants and an Affiliate of the Financial Services Institute of Australasia. Mr McGown is an executive director of the corporate advisory business New Holland Capital Pty Ltd and prior to that appointment was the chairman of DJ Carmichael Pty Limited. Mr McGown has had extensive experience in the corporate finance sector, including mergers and acquisitions, capital raisings in both domestic and international financial markets, asset acquisitions and asset disposals, initial public offerings and corporate restructurings.

Mr McGown brings to the Board a comprehensive knowledge of equity and debt markets and financing of resource projects.

During the three year period to the end of the financial year, Mr McGown held directorships with Sipa Resources Ltd (11 March 2015 to present) and Bass Metals Limited (7 July 2004 to 4 October 2013).

David J Crook – *B.Sc, MAusIMM, MAIG, GAICD*
Managing Director

Mr Crook was appointed the inaugural Managing Director of the Company on 11 August 2003. Mr Crook is a geologist with over 35 years of experience in exploration, mining and management, predominantly within Western Australia, where he has investigated gold, nickel sulphide, nickel laterite and other commodities in teams with an excellent discovery record. He has held senior management roles including the Company's IPO, exploration management, project acquisitions, JV negotiations and capital raisings.

In Australia Mr Crook's operational experience has included tenement identification to ore reserve calculations for gold and base metal projects; and a decade working in operational gold mines. Prior to being employed by the Company his career highlights included participation in the discovery of the Radio Hill Nickel Mine, ore generation and early production at the Gidgee Gold Mine, and exploration manager at Heron Resources Limited.

Allan Trench – *B.Sc (Hons), Ph.D, M.Sc (Min. Econ), MBA (Oxon), ARSM, AWASM, FAusIMM, FAICD*
Independent Non-Executive Director

Dr Trench was appointed a Director on 8 September 2003. Dr Trench is a mineral economist, geophysicist and business management consultant with minerals experience including iron ore, nickel, copper, gold, lithium, oil & gas and also across a number of the minor metals markets. Dr Trench led nickel sulphide exploration teams for WMC Resources in the Widgiemooltha-Pioneer and Leinster-Mt Keith regions of WA in the mid 1990's. He has subsequently worked with McKinsey and Company, KCGM Pty Ltd, Woodside Energy and with the independent mining & metals analysis global consultancy CRU Group. He is presently a Professor of Practice at the Business School, University of Western Australia and is also a Research Professor (Risk & Value) at the Centre for Exploration Targeting, University of Western Australia.

During the three year period to the end of the financial year, Dr Trench also held directorships in Hot Chili Ltd (19 July 2010 to present), Enterprise Metals Limited (3 April 2012 to present), Emmerson Resources Limited (3 March 2015 to present), Navigator Resources Ltd (14 November 2005 to 31 December 2013) and Trafford Resources Limited (7 May 2012 to 8 May 2015).

Thomas Wayne Spilsbury – *B.Sc (Hons), M.Sc (Applied Geology), APEGBC (P. Geo.), FAusIMM CP (Geo), MAIG, GAICD*

Independent Non-Executive Director

Mr Spilsbury was appointed a Director on 4 January 2010. Mr Spilsbury is a geologist who received his B.Sc. (Honors Geology) in 1973 from the University of British Columbia and his M.Sc. (Applied Geology) in 1982 from Queens University in Ontario. He brings over 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. It is through his role with International Lithium Corporation that Mr Spilsbury has significant experience in the exploration for and development of lithium projects.

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

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

COMPANY SECRETARY

Julie Anne 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 of 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.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in these activities during the financial year aside from the geographical location.

RESULTS OF OPERATIONS

The consolidated net loss after income tax for the financial year was \$1,673,138 (2015: consolidated net loss after income tax \$1,936,210).

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 loss after income tax for the year ended 30 June 2016 of \$1,673,138 compared to a consolidated operating loss after income tax of \$1,936,210 for the year ended 30 June 2015.

During the financial year the consolidated entity incurred a total of \$1,894,472 on exploration expenditure with a significant proportion of the exploration and evaluation expenditure expended at the Acra Gold Project, Fairwater Nickel Project, Pioneer Dome Project and the consolidated entity's Golden Ridge (Blair Mine) Nickel Project.

During the financial year the consolidated entity received \$147,538 from the Australian Taxation Office with respect to prior year refundable R & D tax incentives. A total of \$454,965 of refundable R & D tax incentives from the Australian Taxation Office was outstanding at balance date and has been subsequently received as at the date of this report.

Exploration write-downs totalled \$1,190,418 which related primarily to tenements surrendered which were considered non-core to the Acra Gold Project, Gindalbie Project, Fairwater Nickel Project or Golden Ridge Nickel Project. This compared to exploration write-offs of \$977,827 recorded in the prior year ended 30 June 2015.

During the financial year ended 30 June 2016 the Company raised total proceeds of \$5,977,212 (before issue costs) comprising the following issue of securities:

- (i) On 28 October 2015 the Company issued 30,916,666 ordinary shares at an issue price of 1.5 cents each under a placement to professional and sophisticated investors, which raised \$463,750 (before issue costs).
- (ii) On 6 November 2015 the Company issued 6,700,000 ordinary shares at an issue price of 1.5 cents each under a placement to sophisticated investors, which raised \$100,500 (before issue costs).
- (iii) On 22 December 2015 the Company issued 4,083,333 ordinary shares at an issue price of 1.5 cents per share to Directors and/or their related parties following shareholder approval obtained on 17 December 2015, which raised \$61,250.
- (iv) On 24 March 2016 the Company issued 161,000,000 ordinary shares at an issue price of 1 cent per share under a placement to professional and sophisticated investors, which raised \$1,610,000 (before issue costs).
- (v) On 29 April 2016 the Company issued 19,096,318 ordinary shares at an issue price of 2.4 cents per share under a placement to professional and sophisticated investors, which raised \$458,312 (before issue costs).
- (vi) On 31 May 2016 the Company issued 500,000 ordinary shares following the exercise of 500,000 options at an exercise price of 2.6 cents each.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

- (vii) On 1 July 2016 the Company issued 90,844,441 ordinary shares at an issue price of 3.6 cents per share under a placement to professional and sophisticated investors, which raised \$3,270,400 (before issue costs). The subscriptions funds were received on 30 June 2016. In addition 30,281,454 free-attaching listed options were issued on a one for three basis with a fair value of \$444,108.

Corporate and Financial Position

As at 30 June 2016 the consolidated entity had cash reserves of \$5,098,260 (2015: \$1,825,786). The movement in cash is detailed in the Statement of Cash Flows on page 17 of this report. Subsequent to the end of the financial year the Company issued 42,174,962 ordinary shares at an issue price of 3.6 cents each under the Company's Share Purchase Plan, which raised \$1,518,300 (before issue costs) and a further \$454,965 has been received from the Australian Taxation Office with respect to refundable R & D tax incentives.

The consolidated entity will continue its exploration programs including drilling programs at the Company's 100% owned Pioneer Dome Lithium Project and to advance exploration activities (including the commencement of drilling) as the Company earns its project interest in the Canadian based Mavis Lithium and Raleigh Lithium Projects. Further exploration programs have been prepared for later in the calendar year at the Blair Nickel Project and Acra Gold Project as well as the Phillips River Lithium Project, Donnelly Lithium Project and Bogadi Lithium 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 Canada and Western Australia through exploration success;
- (ii) Earn its project interest in the Canadian based Mavis Lithium and Raleigh Lithium Projects;
- (iii) Advance the consolidated entity's Pioneer Dome Lithium Project, Phillips River Lithium Project, Donnelly Lithium Project and Bogadi Lithium Project all located within Western Australia;
- (iv) Pursue exploration strategies at the Golden Ridge (Blair Mine) Nickel Project and Acra Gold Project; and
- (v) Continue to examine new mineral opportunities, with particular focus on advanced projects with the potential to deliver early cash flow opportunities.

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 and the Corporate Risk Register 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 2016 (2015: 2 employees).

SHAREHOLDER RETURNS

	2016	2015
	Cents	Cents
Basic earnings/(loss) per share	(0.2)	(0.3)
Diluted earnings/(loss) per share	(0.2)	(0.3)
Share price – 30 June 2016 (30 June 2015)	3.5	1.6

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

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:

International Lithium Corp.

On 15 March 2016 the Company announced it had entered into an option and a strategic alliance agreement with International Lithium Corp. ("ILC") (TSX.V:ILC) which the Company subsequently exercised in June 2016 to earn up to an 80% interest in the Mavis Lithium Project.

As part of the strategic alliance the Company subscribed for 1.25 million common shares in ILC at an issue price of C\$0.08 per share with 625,000 free attaching option warrants which are exercisable at C\$0.12 per option by 16 March 2019. As at 30 June 2016 the Company's investment of common shares and warrants in ILC had a fair value of \$385,498.

On 13 July 2016 the Company also announced it had entered into a second option agreement with ILC enabling the Company to earn initially a 51% interest and, subject to ILC's participation, up to an 80% interest in the Raleigh Lithium Project, currently owned by ILC in the Canadian Province of Ontario. The Project is located 60km southeast of the Mavis Lithium Project.

Shares issued

- (i) On 28 October 2015 the Company issued 30,916,666 ordinary shares at an issue price of 1.5 cents each under a placement to professional and sophisticated investors, which raised \$463,750 (before issue costs).
- (ii) On 6 November 2015 the Company issued 6,700,000 ordinary shares at an issue price of 1.5 cents each under a placement to sophisticated investors, which raised \$100,500 (before issue costs).
- (iii) On 22 December 2015 the Company issued 4,083,333 ordinary shares at an issue price of 1.5 cents per share to Directors and/or their related parties following shareholder approval obtained on 17 December 2015, which raised \$61,250.
- (iv) On 24 March 2016 the Company issued 161,000,000 ordinary shares at an issue price of 1 cent per share under a placement to professional and sophisticated investors, which raised \$1,610,000 (before issue costs).
- (v) On 29 April 2016 the Company issued 19,096,318 ordinary shares at an issue price of 2.4 cents per share under a placement to professional and sophisticated investors, which raised \$458,312 (before issue costs).
- (vi) On 31 May 2016 the Company issued 500,000 ordinary shares following the exercise of 500,000 options at an exercise price of 2.6 cents each.
- (vii) On 30 June 2016 the Company issued 866,175 ordinary shares at a deemed issued price of 4.48 cents per share to International Lithium Corp as First Earn In Consideration under the Mavis Lithium Project Heads of Agreement.
- (viii) On 1 July 2016 the Company issued 90,844,441 ordinary shares at an issue price of 3.6 cents per share under a placement to professional and sophisticated investors, which raised \$3,270,400 (before issue costs). The subscriptions funds were received on 30 June 2016. In addition 30,281,454 free-attaching listed options were issued on a one for three basis with a fair value of \$444,108.

OPTIONS OVER UNISSUED CAPITAL

During the financial year the Company granted the following listed 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
Shareholders	30,281,454	6 cents	1.5503 cents	\$469,453	30 June 2016	31 July 2018
Total	30,281,454			\$469,453		

Further details on the value per options are disclosed in Note 13(d).

Since the end of the financial year the Company has granted 3,270,400 unlisted options exercisable at 5.4 cents each by 4 September 2018 to a nominee of Sanlam Private Wealth Pty Ltd.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

OPTIONS OVER UNISSUED CAPITAL (Continued)

On 13 September 2016 Shareholders at a General Meeting of the Company approved the grant of 2,000,000 unlisted options each to Messrs McGown and Crook and 1,000,000 unlisted options to Dr Trench and Mr Spilsbury. These options will be fully vested upon issue and will be exercisable at 6 cents each by 31 July 2018. The options will be issued within one month of the General Meeting.

On 13 September 2016 Shareholders at a General Meeting of the Company approved the grant of 14,058,215 options to be issued to eligible Shareholders who participated in the Company's Share Purchase Plan which closed on 20 July 2016. The options will be exercisable at 6 cents each by 31 July 2018. The options will be issued under a transaction specific prospectus which was lodged with ASIC on 23 September 2016.

During the year a total of 500,000 unlisted options were exercised at 2.6 cents each. No options were exercised subsequent to the end of the financial year and up until the date of this report.

During the year a total of 15,000,000 unlisted options exercisable at 10 cents each expired. No options have expired subsequent to the end of the financial year and up until the date of this report.

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

	<i>Number of Options</i>	<i>Exercise Price per Option</i>	<i>Expiry Date</i>
	30,000,000	30 cents	15 October 2017
	5,000,002	2.6 cents	30 April 2018
	5,500,001	5 cents	30 April 2018
	5,499,997	7.5 cents	30 April 2018
	30,281,454	6 cents	31 July 2018
	3,270,400	5.4 cents	4 September 2018
TOTAL	79,551,854		

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 entities it controlled during the financial year, Western Copper Pty Ltd and Golden Ridge North Kambalda Pty Ltd. Western Copper Pty Ltd (ACN 114 863 928) was incorporated on 21 June 2005 and Golden Ridge North Kambalda Pty Ltd (ACN 159 539 983) was incorporated on 18 July 2012.

On 11 July 2016 Pioneer Canada Lithium Corp. was incorporated in British Columbia as a wholly owned entity of the Company.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

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 and subsequent to the end of the financial year except for the following:

- (i) On 21 July 2016 the Company issued a total of 42,174,962 ordinary shares at an issue price of 3.6 cents each following an offer from the Company's Share Purchase Plan, which raised \$1,518,300 (before issue costs).
- (ii) Since balance date the Company has received \$454,965 from the Australian Taxation Office with respect to refundable R & D tax incentives.
- (iii) On 5 September 2016 the Company issued a total of 3,270,400 unlisted options to a nominee of Sanlam Private Wealth Pty Ltd at an exercise price of 6 cents each exercisable by 4 September 2018.
- (iv) On 23 September 2016 the Company issued 731,750 ordinary shares at a deemed issued price of 3.4 cents per share to International Lithium Corp as First Earn In Consideration under the Raleigh Lithium Project Heads of Agreement.
- (v) On 23 September 2016 the Company issued 2,133,409 ordinary shares at an issue price of 4.18 cents each to Milford Resources Pty Ltd following shareholder approval obtained on 13 September 2016.
- (vi) On 23 September 2016 the Company lodged a transaction specific prospectus for the offer of 14,058,215 options to eligible shareholders who participated in the Company's Share Purchase Plan under which shares were issued to eligible shareholders on 21 July 2016. The options are exercisable at 6 cents each by 31 July 2018. The issue of the options was approved at a General Meeting on 13 September 2016.

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.

EMPLOYEE DIVERSITY

Women currently represent 17% of employees in the Company as a whole and 50% of the full time employees.

ABORIGINAL CULTURE AND HERITAGE

The consolidated entity is subject to and compliant with all aspects of Aboriginal Heritage regulation in respect of its exploration and development activities. The Directors are not aware of any regulation which is not being complied with. The Directors are committed to cultural respect in undertaking the business activities of the consolidated entity.

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 (1) (2)
Craig I McGown	Independent Non-Executive Chairman Appointed on 13 June 2008	8,071,427	2,500,000
David J Crook	Managing Director Appointed on 11 August 2003	9,922,910	7,500,000
Allan Trench	Independent Non-Executive Director Appointed on 8 September 2003	3,340,330	1,500,000
Thomas W Spilsbury	Independent Non-Executive Director Appointed on 4 January 2010	4,438,093	1,000,000

1. The Directors' optionholdings exclude unlisted options approved by Shareholders on 13 September 2016 comprising 2,000,000 options each to Messrs McGown and Crook and 1,000,000 options each to Dr Trench and Mr Spilsbury. These options have not been issued at the date of this report but will be issued within one month of the General Meeting.
2. The Directors' optionholdings exclude share purchase plan options approved by Shareholders on 13 September 2016 comprising 138,888 options each to Messrs McGown, Crook and Trench and 50,000 options each to Dr Trench. These options have not been issued at the date of this report but will be issued within one month of the General Meeting.

DIRECTORS' REPORT

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		Short Notice Meetings	
	Held	Attended	Held	Attended
C I McGown	10	10	6	6
D J Crook	10	10	6	6
A Trench	10	10	6	6
T W Spilsbury	10	10	6	6

During the financial year there were ten general Directors' meetings for which formal notice of meeting was given. In addition, there were two Directors' meetings called for specific purposes.

REMUNERATION REPORT - AUDITED

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2016. The information provided in this report has been audited as per the requirements of section 308(3C) of the *Corporations Act 2001* (Cth).

The report is set out under the following main headings:

- Key management personnel;
- Principles used to determine the components and amount of compensation;
- Details of remuneration;
- Details of share-based compensation; and
- Details of service agreements and employment contracts.

Key Management Personnel

For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly. The key management personnel during the year were:

- Craig McGown – Non-Executive Chairman
- David Crook – Managing Director
- Allan Trench – Non-Executive Director
- Thomas Wayne Spilsbury – Non-Executive Director
- Nigel Brand – Consultant Geochemist

Dr Nigel Brand *B.Sc (Hons), Ph.D, M.Sc (Geochemistry)*

Dr Brand worked for WMC Resources for eleven years until 1999. During his time at WMC he worked throughout the Norseman-Wiluna Greenstone belt on various regional Ni & Au exploitation programs and at WMC operations at Norseman, Kambalda, Kalgoorlie, Leinster and Mt Keith. He completed his PhD in 1997 on weathering process associated with nickel sulphides. On leaving WMC, Dr Brand joined Anglo American for four and a half years as their geochemist in the Asian-Pacific region, including India, Philippines and Australia exploring for Zn, Ni and Cu-Au PC/IOCG deposits. In January 2005 Dr Brand established an independent geochemical consulting Geochemical Services Pty Ltd to provide hands-on and applied geochemical expertise to international mineral exploration.

The Board undertook its annual review of its Corporate Governance Policies and Procedures during the financial year and considered the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) which was released on 27 March 2014. Following this review, the Board resolved to form a Remuneration Committee comprising Mr T Spilsbury as chairman and Messrs C McGown and A Trench as members. The Remuneration Committee has met once during the financial year.

This report details the amount and nature of remuneration of the key management personnel including each Director of the Company and Dr Nigel Brand a consultant geochemist to the Company.

Overview of Remuneration Policy

The Remuneration Committee (and previously 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 Remuneration Committee 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.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

Overview of Remuneration Policy (Continued)

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 9.50% per annum and do not receive any other retirement benefit. Some Directors, 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.

The relative proportions of those elements of remuneration of the Directors' remuneration are all fixed remuneration with the exception of the Managing Director's bonus that is linked to the Company's performance. Fees for Non-Executive Directors are not linked to the performance of the Company.

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.

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.

Remuneration policy and relationship between the remuneration policy and Company Performance

The Company's remuneration policy for the Managing Director is designed to promote superior performance and long term commitment to the Company. The main principles of the policy when considering remuneration are as follows:

- the Managing Director is motivated to pursue long term growth and success of the Company within an appropriate control framework;
- interests of key leadership are aligned with the long-term interests of the Company's shareholders; and
- there is a clear correlation between performance and remuneration.

Remuneration consists of the following key elements:

- Fixed remuneration;
- Fixed remuneration levels dictated by benchmark criteria;
- Performance-based bonusable achievements; and
- Issuance of unlisted options

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2016.

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.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

Remuneration Benchmarks – Managing Director only

The remuneration of the Managing Director includes bonusable achievements 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.

Potential discretionary bonus

A potential discretionary bonus may be paid to the Managing Director. Any potential bonus paid is at the discretion of the Board (excluding the Managing Director) and will typically be made in recognition of contribution to the Company's performance and other significant efforts of the Managing Director in applicable and appropriate circumstances. No discretionary bonuses were paid during the year ended 30 June 2016. Discretionary bonuses were paid during or with regard to the financial years ended 30 June 2015.

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*.

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

2016

Key Management Personnel	Primary		Post Employment	Equity Compensation (Non-cash)	Other	Total
	Base Emolument/Fees \$	Motor Vehicle \$	Superannuation/ Salary Sacrifice Contributions \$	Options \$	Insurance \$	
C I McGown (Non – Executive Chairman) (i), (iii)	70,313	-	-	-	-	70,313
D J Crook (Managing Director) (iii)	257,454	15,000	24,458	-	12,154	309,066
A Trench (Non-Executive Director) (iii)	46,874	-	4,688	-	-	51,562
T W Spilsbury (Non-Executive Director) (ii), (iii)	51,562	-	-	-	-	51,562
N. Brand Consultant Geochemist (iv)	167,415	-	-	-	-	167,415
Total	593,618	15,000	29,146	-	12,154	649,918

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

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

(iii) With effect from 1 February 2016 the Board agreed to a 15% reduction to the Managing Director and Non-Executive Directors' remuneration as a result of cost cutting initiatives implemented throughout the Company. With effect from 1 July 2016 the Managing Director and Non-Executives Directors' fees have been re-instated to the annualised remuneration in place before 1 February 2016.

(iv) Dr Brand's fees were paid to Geochemical Services Pty Ltd.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

2015

Key Management Personnel	Primary			Post Employment	Equity Compensation (Non-cash)	Other	Total
	Base Emolument/Fees	Motor Vehicle	Cash Bonus *	Superannuation/ Salary Sacrifice Contributions	Options	Insurance	
	\$	\$	\$	\$	\$	\$	\$
C I McGown (Non – Executive Chairman) (i)	75,000	-	-	-	33,792	-	108,792
D J Crook (Managing Director)	274,618	15,000	68,493	34,996	101,375	8,294	502,776
A Trench (Non-Executive Director)	50,228	-	-	4,772	20,275	-	75,275
T W Spilsbury (Non-Executive Director) (ii)	55,000	-	-	-	20,275	-	75,275
N. Brand Consultant Geochemist (iv)	112,590	-	-	-	-	-	112,590
Total	567,436	15,000	68,493	39,768	175,717	8,294	874,708

(i), (ii) and (iv) refer above.

* Mr Crook's cash bonus was given based upon the Board's assessment of his performance taking into consideration the attainment of his key performance indicators.

Option remuneration as a percentage of total remuneration for the year ended 30 June 2016 for CI McGown was 0% (30 June 2015: 30%), for DJ Crook was 0% (30 June 2015: 20%), for A Trench 0% (30 June 2015: 26%) and TW Spilsbury 0% (30 June 2015: 26%).

Other than the key management personnel disclosed above there were no other executive officers who received emoluments during the financial years ended 30 June 2016 or 30 June 2015.

The number of ordinary shares and unlisted options Dr Brand holds a relevant interest (including closely related parties) are as follows:

	Ordinary Shares	Unlisted options
30 June 2016	2,924,077	10,000,000
30 June 2015	3,000,000	15,000,000

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

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (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
CI McGown	833,334	30 April 2015	30 April 2015	30 April 2018	2.6	1.457	100%
	833,333	30 April 2015	30 April 2015	30 April 2018	5.0	1.34	100%
	833,333	30 April 2015	30 April 2015	30 April 2018	7.5	1.258	100%
DJ Crook	2,500,000	30 April 2015	30 April 2015	30 April 2018	2.6	1.457	100%
	2,500,000	30 April 2015	30 April 2015	30 April 2018	5.0	1.34	100%
	2,500,000	30 April 2015	30 April 2015	30 April 2018	7.5	1.258	100%
A Trench	500,000	30 April 2015	30 April 2015	30 April 2018	2.6	1.457	100%
	500,000	30 April 2015	30 April 2015	30 April 2018	5.0	1.34	100%
	500,000	30 April 2015	30 April 2015	30 April 2018	7.5	1.258	100%
TW Spilsbury	500,000	30 April 2015	30 April 2015	30 April 2018	5.0	1.34	100%
	500,000	30 April 2015	30 April 2015	30 April 2018	7.5	1.258	100%

During the year 500,000 unlisted options held by TW Spilsbury were exercised at 2.6 cents each. No Director unlisted options held by Directors expired during the financial year.

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 Deloitte Touche Tohmatsu, 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

At the Annual General Meeting held on 13 November 2013 shareholders approved the appointment of Deloitte Touche Tohmatsu as the auditor of the Company.

Fees for non-audit services comprising tax services were paid/payable to Deloitte Tax Services Pty Ltd during the year ended 30 June 2016 totalling \$117,778 (30 June 2015 \$38,333).

Fees for non-audit services comprising tax services were paid to a prior auditor of the Company, Butler Settineri Chartered Accountants during the year ended 30 June 2016 were \$nil (30 June 2015 \$2,000).

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.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

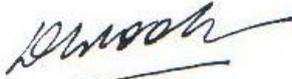
DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Board of Pioneer Resources Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly information about the Company's Corporate Governance practices is set out on the Company's website at www.pioresources.com.au

DATED at Perth this 29 September 2016

Signed in accordance with a resolution of the Directors.



D J Crook
Managing Director

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

29 September 2016

Dear Board Members

Pioneer Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Pioneer Resources Limited.

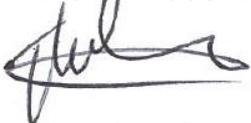
As lead audit partner for the audit of the financial statements of Pioneer Resources Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



John Sibenaler
Partner
Chartered Accountants

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

		CONSOLIDATED	
	NOTE	2016	2015
		\$	\$
Continuing Operations			
Other income	2	583,005	261,024
Total revenue	2	583,005	261,024
Employee expenses		(510,719)	(751,119)
Exploration expenditure written off	3	(1,190,418)	(977,827)
Non-Executive Directors' fees		(173,437)	(185,000)
Insurance expenses		(48,831)	(44,643)
Rental expense on operating leases	3	(102,114)	(106,739)
Corporate expenses		(156,719)	(119,077)
Depreciation	3	(20,615)	(31,548)
Expense of share-based payments	3	-	(223,025)
ASIC/ASX fees		(78,113)	(47,161)
Legal expenses		(56,756)	(10,490)
Public relations		(41,125)	(46,318)
Other fees – paid/payable to the auditor		(142,722)	(68,045)
Costs recharged to capitalised exploration		137,556	178,735
Employee costs recharged to capitalised exploration		298,429	429,164
Discount on early repayment of receivable		-	(45,455)
Other expenses	3	(170,559)	(148,686)
Loss before income tax		(1,673,138)	(1,936,210)
Income tax	5	-	-
Net loss from continuing operations	16	(1,673,138)	(1,936,210)
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members of the Company		(1,673,138)	(1,936,210)
Earnings/(loss) per share (cents per share)			
Basic earnings/(loss) per share (cents per share)	22	(0.2)	(0.3)
Diluted earnings/(loss) per share (cents per share)	22	(0.2)	(0.3)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		CONSOLIDATED	
	NOTE	2016	2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	23(a)	5,098,260	1,825,786
Other receivables	6	521,689	174,648
Other financial assets	7	428,242	30,071
TOTAL CURRENT ASSETS		6,048,191	2,030,505
NON-CURRENT ASSETS			
Investments	8	-	-
Plant and equipment and motor vehicles	9	21,928	42,543
Capitalised mineral exploration	10	8,025,942	7,321,888
TOTAL NON-CURRENT ASSETS		8,047,870	7,364,431
TOTAL ASSETS		14,096,061	9,394,936
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	645,963	224,534
Provisions	12	127,058	115,345
TOTAL CURRENT LIABILITIES		773,021	339,879
TOTAL LIABILITIES		773,021	339,879
NET ASSETS		13,323,040	9,055,057
EQUITY			
Contributed equity	13(a)	32,988,552	27,791,828
Share option reserve	14	895,193	553,025
Fair value reserve	14	282,229	-
Accumulated losses	15	(20,842,934)	(19,289,796)
TOTAL EQUITY	16	13,323,040	9,055,057

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

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Notes	Contributed Equity \$	Share Option Reserve \$	Fair Value Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2014		25,736,247	450,033	-	(17,473,619)	8,712,661
TOTAL COMPREHENSIVE INCOME	15	-	-	-	(1,936,210)	(1,936,210)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year (net of transaction costs)	13(b)	2,055,581	-	-	-	2,055,581
Directors and employees options	14	-	223,025	-	-	223,025
Transfer from share option reserve re: expired options	14	-	(120,033)	-	120,033	-
BALANCE AT 30 JUNE 2015		27,791,828	553,025	-	(19,289,796)	9,055,057
TOTAL COMPREHENSIVE INCOME	15	-	-	-	(1,673,138)	(1,673,138)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year (net of transaction costs)	13(b)	5,214,784	-	-	-	5,214,784
Exercise of Director options	14	7,285	(7,285)	-	-	-
Fair value of free attaching options	14	-	444,108	-	-	444,108
Transfer from share option reserve re: expired options	14	-	(120,000)	-	120,000	-
Fair value of investments	14	-	-	282,229	-	282,229
BALANCE AT 30 JUNE 2016	16	33,013,897	869,848	282,229	(20,842,934)	13,323,040

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	<u>NOTE</u>	CONSOLIDATED	
		<u>2016</u>	<u>2015</u>
		\$	\$
Cash flows from operating activities			
Interest received		41,411	68,953
Other income		228,739	565,843
Payments to suppliers and employees (inclusive of goods and services tax)		(926,814)	(1,015,492)
Net cash used in operating activities	23(b)	<u>(656,664)</u>	<u>(380,696)</u>
Cash flows from investing activities			
Proceeds from the sale of the Western Mt Jewell Gold Project		-	1,050,000
Payments for exploration and evaluation		(1,790,982)	(2,238,909)
Payments for International Lithium Corp. investments		(106,168)	-
Payments for plant and equipment and motor vehicles		-	(33,268)
Net cash used in investing activities		<u>(1,897,150)</u>	<u>(1,222,177)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		5,977,212	2,132,064
Payments for transaction costs relating to the issue of shares		(150,924)	(76,483)
Net cash provided by financing activities		<u>5,826,288</u>	<u>2,055,581</u>
Net increase in cash held		3,272,474	452,708
Cash at the beginning of the financial year		<u>1,825,786</u>	1,373,078
Cash at the end of the financial year	23(a)	<u><u>5,098,260</u></u>	<u>1,825,786</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Pioneer Resources Limited and its controlled entities ("consolidated entity"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated. Separate financial statements for Pioneer Resources Limited as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*, however, required financial information for Pioneer Resources Limited is included in Note 25.

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

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors on 29 September 2016.

(b) Statement of Compliance

The Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

(c) Basis of Consolidation

Controlled Entity

The consolidated financial statements comprise the financial statements of Pioneer Resources Limited and its subsidiaries as at 30 June each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. The subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and ceases to be consolidated from the date on which control is transferred out of the consolidated entity.

The acquisition of the subsidiaries have been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of the subsidiary for the period from their acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the consolidated entity's share of the profit or loss and other comprehensive income of the associate or joint venture. When the consolidated entity's share of losses of an associate or a joint venture exceeds the consolidated entity's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the consolidated entity's net investment in the associate or joint venture), the consolidated entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

In the consolidated entity's financial statements, investments in joint ventures are carried at cost. Details of these interests are shown in Note 18.

(d) Significant Accounting Judgements, Estimates and Assumptions

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 7 – Financial assets and investments
Available for sale financial assets, comprising marketable securities are assets which management may dispose of within the next 12 months.
- Note 10 – Capitalised Mineral Expenditure
The accounting policy for exploration and evaluation expenditure is set out in Note 1 (k). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the consolidated entity is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Significant Accounting Judgements, Estimates and Assumptions (Continued)

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions:

The consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes or Binomial valuation model, using the assumptions detailed in Note 13(d).

Use of estimates

The Directors have considered a number of factors in regard to any forward looking estimates. During the reporting period, the consolidated entity incurred a net loss after tax of \$1,673,138 (2015: \$1,936,210 and incurred net cash outflows from operating and investing activities of \$2,553,814 (2015: \$1,602,873). As at 30 June 2016 the consolidated entity had net assets of \$13,323,040 (2015: \$9,055,057) and net current assets of \$5,275,170 (2015: net current assets - \$1,690,626).

The use of estimates is inherently uncertain and requires a significant level of judgement. Forward looking estimates have been used in the preparation of the financial report in respect of the impairment of exploration assets and the preparation of the financial report on a going concern basis.

Management and the Directors have concluded that appropriate assessments have been made with respect to the use of forecasts in the preparation of the financial report.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

For the purposes of income taxation, Pioneer Resources Limited and its 100% wholly-owned controlled entities have not formed a tax consolidated group. There is no material effect on the future income taxation benefits as a result.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Tenement bonds in the form of cash deposits are held as security with the Mines Department authorities.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise of cash at bank and on hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

(h) Trade and Other Receivables

Receivables which generally have 30-90 day terms, are recognised and carried at original invoice amount less if required an allowance for any uncollectible amounts.

Non-current loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(i) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The consolidated entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as either financial assets at fair value through profit or loss, loans and receivables or held to maturity investments. After initial recognition available for sale investments are measured at fair value with gains or losses being recognised directly in equity, until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to maturity when the consolidated entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost, using the effective interest method less impairment. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

(j) Plant and Equipment – recognition and measurement

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation

Depreciable non-current assets, are depreciated over their expected economic life using either the straight line or the diminishing value method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- Plant and equipment 20 - 33%
- Motor vehicles 22.5%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Exploration and Evaluation Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a mineral resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Exploration and evaluation assets are assessed for impairment if:

- (i) sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (refer impairment accounting policy Note 1 (l) below).

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then re-classified from intangible assets to mining property and development assets within property, plant and equipment.

(l) Impairment of Assets

At each reporting date the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Employee Entitlements

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Liabilities for long service leave are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Trade and other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Contributed Equity

Issued capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Earnings per Share

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

(r) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) **Share-based payment transactions**

The consolidated entity provides benefits to employees (including Directors) of the consolidated entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("Equity-settled transactions").

There is currently one plan in place to provide these benefits being an Employee Share Option Plan ("ESOP") which provides benefits to Directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes or Binomial option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Pioneer Resources Ltd ("market conditions").

The cost of equity settled securities is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

Where the consolidated entity acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(t) **New and Revised Accounting Standards**

In the year ended 30 June 2016, the Board has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

Amendments to Standards that are mandatorily effective for the current year

In the current year, the Company has applied one applicable amendment to Standards issued by the AASB that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

This amendment completes the withdrawal of references to AASB 1031 in all Standards, allowing that Standard to effectively be withdrawn.

The application of the amendment does not have any material impact on the disclosures or on the amounts recognised in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below. The potential effect of these Standards and Interpretations on the consolidated entity's financial statements has not been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' and AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	30 June 2019
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Classification and Measurement of Share-based Payment Transactions (Amendment to IFRS 2)	1 January 2018	30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain the capital structure to reduce the cost of capital. The net assets of the consolidated entity are equivalent to capital. Net capital is obtained through capital raising initiatives on the Australian Securities Exchange or the sale of assets.

The Board of Directors reviews the requirement for capital on a regular basis. However, at present no formal targets are in place for a return on capital, or for gearing ratios, as the consolidated entity has not derived any income from its mineral exploration and currently has no debt facilities in place.

(w) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(x) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(y) Comparative Figures

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
2. OTHER INCOME		
Other Income		
Interest	37,773	67,991
Other income – R & D tax incentive	454,965	147,538
Sundry other income	90,267	45,495
	<u>583,005</u>	<u>261,024</u>
3. (a) EXPENSES		
Exploration expenditure written off	1,190,418	977,827
Contributions to employees superannuation plans	47,749	68,809
Depreciation - Plant and equipment	9,871	20,803
- Motor vehicles	10,744	10,745
	20,615	31,548
Rental expense on operating leases	102,114	106,739
Unrealised foreign exchange loss	2,899	-
Share based payments expense	-	223,025
Provision/(write back) for employee entitlements	11,712	(3,700)
(b) OTHER EXPENSES		
Computer software/support	16,778	12,578
Conferences and seminar costs	35,668	28,133
Other direct operating expenses	118,113	107,975
	170,559	148,686
4. AUDITORS' REMUNERATION		
Audit Services		
Audit and review of the consolidated entity's financial statements – Deloitte Touche Tohmatsu	24,944	29,712
Other Services		
Other services - Deloitte Tax Services Pty Ltd – tax services	117,778	38,333
Other services - Butler Settineri (Audit) Pty Ltd	-	2,000
	142,722	70,045
5. INCOME TAX		

No income tax is payable by the consolidated entity as it has incurred losses for income tax purposes for the year, so current tax, deferred tax and tax expense is \$Nil (2015 - \$Nil).

(a) Tax expense

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
Current tax expense – current period	-	-
Deferred tax expense	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

5. INCOME TAX (Continued)

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations	(1,673,138)	(1,936,210)
Tax/(benefit) at the Australian tax rate of 28.5% (2015: 30%)	(476,844)	(580,863)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments expense	-	66,908
Other non-deductible expenditure	16,404	17,880
Deductible capital raising costs	(30,807)	(16,595)
Non-assessable income	(132,248)	(44,261)
Deferred tax asset not brought to account	623,495	556,931
Income tax expense	-	-
(c) Tax losses		
Total tax losses for which no deferred tax asset has been recognised	34,004,620	33,228,474
Potential tax benefit at 28.5% (2015:30%)	9,691,316	9,968,542

In 2016, the Federal Government enacted a change in the income tax rate for small business entities from 30% to 28.5%. The Company satisfies the criteria to be a small business entity. The consolidated entity entered into a tax consolidated group as at 30 June 2015.

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
(d) Unrecognised Deferred Tax Assets and Liabilities at 28.5% (2005: 30%)		
Unrecognised deferred tax assets comprise:		
Capital raising costs	95,007	25,291
Leave provisions	36,212	34,604
Tax losses available for offset against future taxable income	7,393,023	7,763,090
	7,524,242	7,822,985
Deferred tax liabilities comprise:		
Capitalised mineral exploration and evaluation expenditure	2,287,393	2,196,566
Prepayments	10,900	8,886
Tax losses carried forward	(2,298,293)	(2,205,452)
	-	-
(e) Franking credits balance		

The consolidated entity has no franking credits available as at 30 June 2016 (2015: \$Nil).

(f) Exploration development incentive (EDI)

The Company participated in the Federal Government's EDI Scheme for the 2014-2015 tax year. The EDI Scheme enabled eligible exploration companies to create explorations credits ("EDI Credits") by giving up a portion of its tax losses and distributing those EDI Credits to its shareholders. The Company's maximum EDI Credit amount was \$372,371 for the year ended 30 June 2015, which it distributed on 30 June 2016 to eligible shareholders on a pro rata basis equating to 0.4132 cents per share based on 900,981,591 ordinary shares on issue at the pre-determined record date. There is no financial effect on the Company's taxation position for the current reporting period however carry forward tax losses will be reduced in future period/s to reflect the exploration credits distributed to eligible shareholders.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

		CONSOLIDATED	
		<u>2016</u>	<u>2015</u>
		\$	\$
6.	OTHER RECEIVABLES		
	Current		
	ATO – R & D tax incentive	454,965	147,538
	GST recoverable	48,081	15,111
	Exploration incentive scheme	9,065	-
	Tenement and rental bonds	4,500	4,500
	Accrued interest	3,643	7,280
	Sundry receivables	1,435	219
		521,689	174,648

7. OTHER FINANCIAL ASSETS

Current

		CONSOLIDATED	
		<u>2016</u>	<u>2015</u>
		\$	\$
	Prepayments	38,244	29,621
	Available-for-sale investments carried at fair value:		
	Investment in TSX listed company – International Lithium Corp (“ILC”) (i)		
	- listed shares	283,990	-
	- unlisted warrants	101,508	-
	Investment in ASX listed company – Bass Metals Limited (ii)	4,500	450
		389,998	450
		428,242	30,071

- (i) As at 30 June 2016 the Company held 1,250,000 common shares in ILC and 625,000 warrants exercisable at C\$0.12 each by 16 March 2019. The fair value of the listed shares was determined at balance date by reference to the quoted closing share price on the TSX. The fair value of the unlisted warrants was determined using a Black Scholes option valuation methodology.
- (ii) As at 30 June 2016 (and 30 June 2015) the Company held 150,000 ordinary shares. The fair value of the listed shares was determined at balance date by reference to the quoted closing share price on the ASX.

8. INVESTMENTS

Non-Current

Pioneer Resources Limited holds investments in Western Copper Pty Ltd and Golden Ridge North Kambalda Pty Ltd. The respective investments are each held at a cost of \$5 (30 June 2015: \$5).

Particulars in relation to the controlled entity

Pioneer Resources Limited is the parent entity.

Name of Controlled entity	Class of Shares	Equity Holding	
		2016	2015
Western Copper Pty Ltd ⁽¹⁾	Ordinary	100%	100%
Golden Ridge North Kambalda Pty Ltd ⁽²⁾	Ordinary	100%	100%

⁽¹⁾ Western Copper Pty Ltd was incorporated in Australia on 21 June 2005.

⁽²⁾ Golden Ridge North Kambalda Pty Ltd (ACN 159 539 983) was incorporated in Australia on 18 July 2012.

On 11 July 2016 Pioneer Canada Lithium Corp. was incorporated in British Columbia as a wholly owned entity of the Company.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
9. PLANT AND EQUIPMENT AND MOTOR VEHICLES		
Plant and office equipment		
At cost	317,065	317,065
Accumulated depreciation	<u>(295,436)</u>	<u>(285,565)</u>
	<u>21,629</u>	<u>31,500</u>
Motor vehicles		
At cost	178,476	178,476
Accumulated depreciation	<u>(178,177)</u>	<u>(167,433)</u>
	<u>299</u>	<u>11,043</u>
	<u>21,928</u>	<u>42,543</u>

Reconciliation

Reconciliation of the carrying amounts for each class of plant and equipment and motor vehicles are set out below:

Plant and office equipment

Carrying amount at beginning of the year	31,500	27,604
Additions	-	33,268
Disposals ⁽¹⁾	-	(8,569)
Depreciation	<u>(9,871)</u>	<u>(20,803)</u>
Carrying amount at the end of the year	<u>21,629</u>	<u>31,500</u>

Motor vehicles

Carrying amount at beginning of the year	11,043	21,788
Additions	-	-
Disposals	-	-
Depreciation	<u>(10,744)</u>	<u>(10,745)</u>
Carrying amount at the end of the year	<u>299</u>	<u>11,043</u>

(1) An XRF data analysis machine was written off during the year ended 30 June 2015 with a written down value of \$8,569.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
10. CAPITALISED MINERAL EXPLORATION		
Non-Current		
<i>In the exploration and evaluation phase</i>		
Cost brought forward	7,321,888	6,090,636
Add: Expenditure incurred during the year (at cost)	1,894,472	2,209,079
Exploration expenditure written off	<u>(1,190,418)</u>	<u>(977,827)</u>
	<u>8,025,942</u>	<u>7,321,888</u>

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Exploration write-downs totalled \$1,190,418 which related primarily to certain tenements surrendered which were considered non-core to the Acra Gold Project, Gindalbie Project or Fairwater Nickle Project. Golden Ridge Nickel Project and to Projects where on-going expenditure programs have been curtailed.

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
11. TRADE AND OTHER PAYABLES		
Current (Unsecured)		
Trade creditors (i)	514,570	145,066
Other accruals – Deloitte Tax Services Pty Ltd	90,993	39,068
Other accruals – Auditor	14,400	14,400
Other creditors and accruals (i)	<u>26,000</u>	<u>26,000</u>
	<u>645,963</u>	<u>224,534</u>

(i) A total of \$141,114 (30 June 2015:\$84,097) related to exploration expenditure.

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
12. PROVISIONS		
Current		
Employee entitlements	<u>127,058</u>	<u>115,345</u>
Number of full time employees at year end	<u>2</u>	<u>2</u>

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

13. CONTRIBUTED EQUITY

The Company

2016 2015
\$ \$

(a) Ordinary Shares

992,692,207 (2015: 678,685,274) ordinary shares **32,988,552** 27,791,828

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value. Ordinary shares have no par value and entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(b) Share Movements During the Year

	2016		2015	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	678,685,274	27,791,828	553,224,800	25,736,247
<i>Share issues during the year</i>				
Share Issue (i)	30,916,666	463,750	-	-
Share Issue (ii)	6,700,000	100,500	-	-
Share Issue (iii)	4,083,333	61,250	-	-
Share Issue (iv)	161,000,000	1,610,000	-	-
Share Issue (v)	19,096,318	458,312	-	-
Share Issue (vi)	500,000	20,285	-	-
Share Issue (vii)	866,175	38,828	-	-
Share Issue (viii)	90,844,441	2,800,947	-	-
Share Issue (ix)	-	-	58,237,500	931,800
Share Issue (x)	-	-	4,875,000	78,000
Share Issue (xii)	-	-	27,778,000	500,004
Share Issue (xiii)	-	-	34,569,974	622,260
Less: Share issue costs		(357,148)	-	(76,483)
	992,692,207	32,988,552	678,685,274	27,791,828

- (i) On 28 October 2015 the Company issued 30,916,666 ordinary shares at an issue price of 1.5 cents each under a placement to professional and sophisticated investors, which raised \$463,750 (before issue costs).
- (ii) On 6 November 2015 the Company issued 6,700,000 ordinary shares at an issue price of 1.5 cents each under a placement to sophisticated investors, which raised \$100,500 (before issue costs).
- (iii) On 22 December 2015 the Company issued 4,083,333 ordinary shares at an issue price of 1.5 cents per share to Directors and/or their related parties following shareholder approval obtained on 17 December 2015, which raised \$61,250.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

13. CONTRIBUTED EQUITY (Continued)

(b) Share Movements During the Year (Continued)

- (iv) On 24 March 2016 the Company issued 161,000,000 ordinary shares at an issue price of 1 cent per share under a placement to professional and sophisticated investors, which raised \$1,610,000 (before issue costs).
- (v) On 29 April 2016 the Company issued 19,096,318 ordinary shares at an issue price of 2.4 cents per share under a placement to professional and sophisticated investors, which raised \$458,312 (before issue costs).
- (vi) On 31 May 2016 the Company issued 500,000 ordinary shares following the exercise of 500,000 options at an exercise price of 2.6 cents each.
- (vii) On 30 June 2016 the Company issued 866,175 ordinary shares at a deemed issued price of 4.48 cents per share to International Lithium Corp as First Earn In Consideration under the Mavis Lithium Project Heads of Agreement.
- (viii) On 1 July 2016 the Company issued 90,844,441 ordinary shares at an issue price of 3.6 cents per share under a placement to professional and sophisticated investors, which raised \$3,270,400 (before issue costs). The subscriptions funds were received on 30 June 2016. In addition 30,281,454 free-attaching listed options were issued on a one for three basis with a fair value of \$444,108.
- (ix) On 11 September 2014 the Company issued 58,237,500 ordinary shares at an issue price of 1.6 cents each under a placement to professional and sophisticated investors, which raised \$931,800 (before issue costs).
- (x) On 3 December 2014 the Company issued 4,875,000 ordinary shares at an issue price of 1.6 cents per share to Directors and/or their related parties following shareholder approval obtained on 19 November 2014, which raised \$78,000.
- (xi) On 20 February 2015 the Company issued 27,778,000 ordinary shares at an issue price of 1.8 cents each under a placement to professional and sophisticated investors, which raised \$500,004 (before issue costs).
- (xii) On 13 March 2015 the Company issued 34,569,974 ordinary shares at an issue price of 1.8 cents each following an offer from the Company's Share Purchase Plan, which raised \$622,260 (before issue costs).

Subsequent to the end of the financial year the following ordinary shares have been issued:

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

(c) Listed Options

During the financial year ended 30 June 2016 the Company granted the following listed options over unissued shares:

Issued To	Number of Options Granted	Exercise Price per Option	Expiry Date	Value per Option at Grant date	Value of Options Granted
Shareholders*	30,281,454	6 cents	31 July 2018	1.467 cents	\$444,108
Total	30,281,454				\$444,108

* The options were issued on 1 July 2016 to professional and sophisticated investors who participated in a share placement whereby 90,844,441 ordinary shares at an issue price of 3.6 cents per share, which raised \$3,270,400 (before issue costs). Each subscriber was also entitled to one free attaching options for every three shares subscribed for under the placement.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

13. CONTRIBUTED EQUITY

(d) Unlisted Options

No unlisted options were issued during the year ended 30 June 2016.

During the prior financial year ended 30 June 2015 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	Expiry Date
Directors	4,333,334	2.6 cents	1.457 cents	\$63,137	30 April 2018
Directors	4,333,333	5.0 cents	1.34 cents	\$58,067	30 April 2018
Directors	4,333,333	7.5 cents	1.258 cents	\$54,513	30 April 2018
Employees/officers	1,166,668	2.6 cents	1.457 cents	\$16,998	30 April 2018
Employees/officers	1,166,668	5.0 cents	1.34 cents	\$15,633	30 April 2018
Employees/officers	1,166,664	7.5 cents	1.258 cents	\$14,677	30 April 2018
Total	16,500,000			\$223,025	

During the year a total of 15,000,000 unlisted options exercisable at 30 cents each expired. During the year 500,000 unlisted options were exercised at 2.6 cents each.

As at the 30 June 2016 unissued ordinary shares of the Company under option (which are fully vested) are as follows:

	<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
	30,000,000	30 cents each	15 October 2017
	5,000,002	2.6 cents	30 April 2018
	5,500,001	5.0 cents	30 April 2018
	5,499,997	7.5 cents	30 April 2018
	30,281,454	6 cents	31 July 2018
TOTAL	76,281,454		

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

Pioneer Resources Limited Directors, Officers, Employees and Other Permitted Persons Option Plan ("the Plan")

Details of additional options that could be issued under the Plan are set out in Note 17.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

13. CONTRIBUTED EQUITY (Continued)

(e) Share Based Payments

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in Note 3(a).

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	2016 No.	2016 Weighted average exercise price	2015 No.	2015 Weighted average exercise price
Outstanding at the beginning of the year	61,500,000	18.0 cents	58,000,000	18.6 cents
Granted during the year	30,281,454	6.0 cents	16,500,000	5.0 cents
Exercised during the year	(500,000)	2.6 cents	-	-
Expired during the year	(15,000,000)	10.0 cents	(13,000,000)	4.3 cents
Outstanding at the end of the year	76,281,454	15.0 cents	61,500,000	18.0 cents
Exercisable at the end of the year	76,281,454	15.0 cents	61,500,000	18.0 cents

The outstanding balance as at 30 June 2016 is further detailed in Note 13(d).

The average remaining contractual life for the share options outstanding as at 30 June 2016 is between 0.3 years and 2.1 years (2015: 0.3 years and 2.8 years).

The range of exercise prices for options outstanding at the end of the year was 2.6 cents and 30 cents. (2015: 2.6 cents and 30 cents).

The fair value of options granted during the year ended 30 June 2016 was \$444,108 (30 June 2015: \$223,025).

The fair value of the equity-settled share options granted during the year ended 30 June 2016 was calculated by an independent expert and was estimated as at the date of grant using a Binominal option model taking into account the terms and conditions upon which the options were granted as follows:

Item	
Underlying Security spot price	\$0.034
Exercise Price	\$0.06
Grant Date	1 July 2016
Expiration date	31 July 2018
Life of Options (years)	2.1
Volatility	110%
Risk Free Rate	1.58%
Number of Options	30,281,454
Valuation per Option	\$0.015503
Valuation per Class	\$469,453

(f) Terms and Conditions of Contributed Equity

Ordinary Shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them. Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

		CONSOLIDATED	
		<u>2016</u>	<u>2015</u>
		\$	\$
14.	RESERVES		
	Share Option Reserve		
	Opening balance	553,025	450,033
	Options issued during the year	469,453	223,025
	Options exercised during the year	(7,285)	-
	Transfer from share option reserve re: expired options	(120,000)	(120,033)
	Closing balance	<u>895,193</u>	<u>553,025</u>
	The option premium reserve is used to recognise the grant date fair value of options issued but not exercised. The reserve reflects the value of options issued to Directors, employees, consultants and third parties with respect to exploration tenement acquisitions. The reserve also includes the fair value of free attaching listed options accounted for during the year ended 30 June 2016.		
	Fair Value Reserve		
	Opening balance	-	-
	Fair value adjustment recognised during the year	282,229	-
	Closing balance	<u>282,229</u>	<u>-</u>
	The fair value reserve arises on the valuation of available-for-sale financial assets comprising International Lithium Corp common shares and warrants.		
15.	ACCUMULATED LOSSES		
	Accumulated losses at the beginning of the year	(19,289,796)	(17,473,619)
	Net loss attributable to members	(1,673,138)	(1,936,210)
	Transfer from share option reserve re: expired options	120,000	120,033
	Accumulated losses at the end of the year	<u>(20,842,934)</u>	<u>(19,289,796)</u>
		<u>2016</u>	<u>2015</u>
		\$	\$
16.	TOTAL EQUITY RECONCILIATION		
	Total equity at the beginning of the year	9,055,057	8,712,661
	Add: Contributions of equity	5,553,872	2,132,064
	Less: Cost of contributions of equity	(357,148)	(76,483)
	Add: Share option reserve	462,168	223,025
	Add: Fair value reserve	282,229	-
	Add: Share of operating loss	(1,673,138)	(1,936,210)
	Total equity at the end of the year	<u>13,323,040</u>	<u>9,055,057</u>
17.	OPTION PLAN		

The establishment of the Pioneer Resources Limited Directors, Officers, Employees and Other Permitted Persons Option Plan ("the Plan") was approved by ordinary resolution at the Annual General Meeting of shareholders of the Company held on 29 November 2011. All eligible Directors, executive officers, employees and consultants of Pioneer Resources Limited who have been continuously employed by the Company are eligible to participate in the Plan. The Plan was last approved by Shareholders on 19 November 2014.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price calculated in accordance with the Plan.

Options issued under the Plan may have a vesting period prior to exercise, except under certain circumstances whereby options may be capable of exercise prior to the expiry of the vesting period.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

18. INTERESTS IN JOINT VENTURES/ PROJECTS SUBJECT TO THIRD PARTY FUNDING

Joint venture and other sale and purchase agreements have been entered into with third parties, whereby the third parties have earned an interest in exploration areas by expending specified amounts in the exploration areas or through acquisition. The third parties percentage interest in the future output of the joint ventures or through project acquisition and the requirement to fund, if all its obligations are fulfilled are as follows:

Project	Joint Venture Partner or Third Party Holder	Third Party Participating Equity at 30 June 2016
Acra	Xstrata Nickel Australasia Operations Pty Ltd	100% nickel sulphide, 0.5% NSR gold
	Heron Resources Limited	100% nickel laterite
Larkinville	Tychean Resources Limited (subject to an assignment to Maximus Resources Ltd)	75% on gold minerals and 80% on nickel minerals
Wattle Dam	Tychean Resources Ltd	100% on gold minerals and 80% on nickel minerals

There are no assets owned by these joint ventures and the consolidated entity's expenditure in respect of its participation is brought to account initially as capitalised exploration and evaluation expenditure.

There were no capital commitments or contingent liabilities arising out of the consolidated entity's joint venture activities as at 30 June 2016.

19. RELATED PARTY DISCLOSURES

(a) Remuneration of Specified Directors and Specified Executives by the Consolidated Entity

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board obtains 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 consolidated entity.

Further information on remuneration of Specified Directors is outlined in the Remuneration Report.

The following table provides the details of all Directors of the Company ("Specified Directors") and the nature and amount of the elements of their remuneration for the year ended 30 June 2013. "Specified Executives" (in addition to the Managing Director and Non-Executive Directors) involved in the strategic direction of the consolidated entity are also outlined below.

2016

Specified Director	Primary		Post Employment	Equity Compensation	Other	Total
	Base Remuneration / Fees	Motor Vehicle	Superannuation/ Salary Sacrifice Contributions	Options	Insurance	
	\$	\$	\$	\$	\$	\$
C I McGown (i) (iv)	70,313	-	-	-	3,338	73,651
D J Crook (ii) (iv)	257,454	15,000	24,458	-	15,492	312,404
A Trench (iv)	46,874	-	4,688	-	3,338	54,900
T W Spilsbury (iii) (iv)	51,562	-	-	-	3,338	54,900
	426,203	15,000	29,146	-	25,506	495,855

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

19. RELATED PARTY DISCLOSURES (Continued)

(a) Remuneration of Specified Directors and Specified Executives by the Consolidated Entity (Continued)

2016

Specified Executive	Primary		Post Employment	Equity Compensation	Other	Total
	Base Remuneration /Fees \$	Motor Vehicle \$	Superannuation/ Salary Sacrifice Contributions \$	Options \$	Insurance \$	
N Brand (Consultant Geochemist) (vi)	171,178	-	-	-	-	171,178
	171,178	-	-	-	-	171,178

2015

Specified Director	Primary			Post Employment	Equity Compensation	Other	Total
	Base Remuneration /Fees \$	Motor Vehicle \$	Cash Bonus (v) \$	Superannuation/ Salary Sacrifice Contributions \$	Options \$	Insurance \$	
C I McGown (i)	75,000	-	-	-	33,792	3,125	111,917
D J Crook (ii)	274,618	15,000	68,493	34,996	101,375	11,419	505,901
A Trench	50,228	-	-	4,772	20,275	3,125	78,400
T W Spilsbury (iii)	55,000	-	-	-	20,275	3,125	78,400
	454,846	15,000	68,493	39,768	175,717	20,794	774,618

2015

Specified Executive	Primary		Post Employment	Equity Compensation	Other	Total
	Base Remuneration /Fees \$	Motor Vehicle \$	Superannuation/ Salary Sacrifice Contributions \$	Options \$	Insurance \$	
N Brand (Consultant Geochemist) (vi)	112,590	-	-	-	-	112,590
	112,590	-	-	-	-	112,590

- (i) Mr McGown's fees were paid to an entity Resource Investment Capital Advisors Pty Ltd.
(ii) Mr Crook was employed under a Service Agreement which commenced on 1 January 2004 and which was superceded by a Service Agreement dated 21 February 2012.
(iii) Mr Spilsbury's fees were paid to an entity GeoDuck Pty Ltd.
(iv) With effect from 1 February 2016 the Board agreed to a 15% reduction to the Managing Director and Non-Executive Directors' remuneration as a result of cost cutting initiatives implemented throughout the Company. With effect from 1 July 2016 the Managing Director and Non-Executives Directors' fees have been re-instated to the annualised remuneration in place before 1 February 2016.
(v) Mr Crook's cash bonus was based upon the Board's assessment of his performance taking into consideration the attainment of his key performance indicators.
(vi) Dr Brand's fees were paid to Geochemical Services Pty Ltd.

There were no loans made to any Directors at 30 June 2016 (30 June 2015: \$Nil).

Other Director Related Party Transactions

During the year ended 30 June 2016 payments totalling \$6,900 (30 June 2015: \$\$14,947) were paid as employee expenses and superannuation for exploration field assistance work undertaken by one (2015: two) son of the Managing Director, Mr Crook. These payments were on terms and conditions no more favourable than those paid to persons for the same type of work services and who were not related to the Managing Director.

(b) Equity Instruments

All options refer to options over ordinary shares of Pioneer Resources Limited, which are exercisable on a one for one basis.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

19. RELATED PARTY DISCLOSURES (Continued)

(b) Equity Instruments (Continued)

Options over equity instruments granted as remuneration

During the financial year ended 30 June 2016 the Company did not grant any unlisted options over unissued shares to Specified Directors and or the Specified Executive as part of their remuneration.

During the prior financial year ended 30 June 2015 and following shareholder approval obtained on 1 April 2015 the Company granted the following unlisted options over unissued shares for \$Nil consideration to Specified Directors as part of their remuneration:

Director	Total Granted Number	Vested Number at 30 June 2015	Terms and Conditions for each Grant					
			Grant Date	Fair Value per option at grant date (cents)	Exercise price per option (cents)	Expiry Date	First Exercise Date	Last Exercise Date
CI McGown	833,334	833,334	30 April 2015	1.457	2.6	30 April 2018	30 April 2015	30 April 2018
CI McGown	833,333	833,333	30 April 2015	1.34	5.0	30 April 2018	30 April 2015	30 April 2018
CI McGown	833,333	833,333	30 April 2015	1.258	7.5	30 April 2018	30 April 2015	30 April 2018
DJ Crook	2,500,000	2,500,000	30 April 2015	1.457	2.6	30 April 2018	30 April 2015	30 April 2018
DJ Crook	2,500,000	2,500,000	30 April 2015	1.34	5.0	30 April 2018	30 April 2015	30 April 2018
DJ Crook	2,500,000	2,500,000	30 April 2015	1.258	7.5	30 April 2018	30 April 2015	30 April 2018
A Trench	500,000	500,000	30 April 2015	1.457	2.6	30 April 2018	30 April 2015	30 April 2018
A Trench	500,000	500,000	30 April 2015	1.34	5.0	30 April 2018	30 April 2015	30 April 2018
A Trench	500,000	500,000	30 April 2015	1.258	7.5	30 April 2018	30 April 2015	30 April 2018
TW Spilsbury	500,000	500,000	30 April 2015	1.457	2.6	30 April 2018	30 April 2015	30 April 2018
TW Spilsbury	500,000	500,000	30 April 2015	1.34	5.0	30 April 2018	30 April 2015	30 April 2018
TW Spilsbury	500,000	500,000	30 April 2015	1.258	7.5	30 April 2018	30 April 2015	30 April 2018

When exercisable each option is convertible into one ordinary share of the Company.

During the year ended 30 June 2016, 500,000 unlisted options were exercisable at 2.6 cents each. No options were exercised during the year ended 30 June 2015.

During the year ended 30 June 2015 options issued had no performance conditions attached.

On 13 September 2016 Shareholders approved the issue of unlisted options to Directors comprising 2,000,000 options each to Messrs McGown and Crook and 1,000,000 options each to Dr Trench and Mr Spilsbury. These options have not been issued at the date of signing the financial report but will be issued within one month of the General Meeting. The unlisted options will be exercisable at 6 cents each by 31 July 2018.

On 13 September 2016 Shareholders approved issue of options to Directors who participated in the Company's Share Purchase Plan which closed on 20 July 2016. The options comprise 138,888 options each to Messrs McGown, Crook and Trench and 50,000 options each to Dr Trench. These options have not been issued at the date of signing this financial report but will be issued within one month of the General Meeting. The options will be exercisable at 6 cents each by 31 July 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

19. RELATED PARTY DISCLOSURES (Continued)

(c) Specified Directors' Share and Option holdings

The aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Specified Directors of the Company or their personally-related entities are as follows:

Specified Directors	Ordinary Shares				Unlisted Options			
	1 July 2015	Purchases	Disposals/ Transfers	30 June 2016	1 July 2015	Expired Options	Exercised Options	30 June 2016 ^{(i), (ii)}
Craig McGown	6,004,761	1,650,000	-	7,654,761	2,500,000	-	-	2,500,000
David J Crook	8,006,244	1,500,000	-	9,506,244	7,500,000	-	-	7,500,000
Allan Trench	2,856,997	333,333	-	3,190,330	1,500,000	-	-	1,500,000
Thomas Spilsbury	2,921,427	1,100,000	-	4,021,427	1,500,000	-	(500,000)	1,000,000
Specified Executive								
Nigel Brand ⁽ⁱⁱⁱ⁾	3,000,000	5,424,077	(5,500,000)	2,924,077	15,000,000	(5,000,000)	-	10,000,000

⁽ⁱ⁾ The Directors' optionholdings exclude unlisted options approved by Shareholders on 13 September 2016 comprising 2,000,000 options each to Messrs McGown and Crook and 1,000,000 options each to Dr Trench and Mr Spilsbury. These options have not been issued at the date of this report but will be issued within one month of the General Meeting.

⁽ⁱⁱ⁾ The Directors' optionholdings exclude share purchase plan options approved by Shareholders on 13 September 2016 comprising 138,888 options each to Messrs McGown, Crook and Trench and 50,000 options each to Dr Trench. These options have not been issued at the date of this report but will be issued within one month of the General Meeting.

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

A number of Specified Directors (Messrs McGown and Spilsbury) hold positions in other personally-related entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these personally-related entities transacted with the Company during the reporting period with respect to the payment of Non-Executive Directors' fees. The terms and conditions of those transactions were no more favourable than those available, or might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis. Refer Note 19(a) for further information.

(d) Non-Director Related Party Transactions

The only non-Director related parties to the Company were its wholly-owned controlled entities, Western Copper Pty Ltd and Golden Ridge North Kambalda Pty Ltd. Refer Note 8 for further details.

Pioneer Resources Limited (the parent entity) has made loans to Western Copper Pty Ltd of \$3,436,508 (2015: \$3,394,487) and to Golden Ridge North Kambalda Pty Ltd of \$5,767,724 (2015: \$5,434,087). The loans are in relation to funding the respective subsidiary company's exploration undertakings.

There were no other related party transactions during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

20. EXPENDITURE COMMITMENTS

(a) Exploration

The consolidated entity has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the consolidated entity's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the consolidated entity have not been provided for in the financial statements and those which cover the following twelve month period amount to \$1,341,020 (2015: \$1,310,040). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements or expenditure exemptions as permitted under the Mining Act 1978 (amended 2006). This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners, amounting to \$395,000 (2015: \$747,960), as disclosed in Note 18.

	<u>2016</u>	<u>2015</u>
	\$	\$
(b) Operating Lease Commitments		
Total operating lease expenditure contracted for at balance date but not provided for in the consolidated financial statements, payable:		
Not later than one year	62,584	65,390
Later than one year and no later than five years	495	6,433
	<u>63,078</u>	<u>71,823</u>

The operating lease relates to the Company's registered office premises in Perth.

The Perth office operating lease is for a prescribed period expiring on 31 October 2016. The Company is currently reviewing its options with respect to renewing the term of the lease for a further twelve months after the expiry date. During the term of the operating lease the rent is reviewed annually on each successive anniversary date. The annual lease is currently \$48,240.

The Kalgoorlie house and yard operating lease which is for a prescribed period until 30 June 2016. The current term of the operating lease has not been extended to a fixed period but is rolling on a monthly basis. The monthly rent is \$3,045.

The Konica Minolta photocopier in the Perth office is leased with a fixed base rate of \$5,938 per year plus a usage-based fee for a 48 month period expiring on 9 August 2017.

(c) Capital Commitments

Under an agreement with the University of Tasmania the Company has agreed to partly fund along with other exploration companies a specified and defined research project which is relevant to the Company's current exploration activities. The consolidated entity has a capital commitment over the next year to fund \$17,000 per annum to the University of Tasmania. There were no other capital commitments as at 30 June 2016 (30 June 2015: \$17,000).

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

21. 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.

	CONSOLIDATED	
	<u>2016</u>	<u>2015</u>
	\$	\$
22. EARNINGS/(LOSS) PER SHARE		
The following reflects the earnings / (loss) and share data used in the calculations of basic and diluted earnings/(loss) per share:		
Earnings/(loss) used in calculating basic and diluted earnings/(loss) per share	(1,673,138)	(1,936,210)
	<hr/>	<hr/>
	Number of Shares <u>2016</u>	Number of Shares <u>2015</u>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share: <i>Effect of dilutive securities</i>	751,658,366	623,167,136
Share options*	-	-
	<hr/>	<hr/>
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	751,658,366	623,167,136

***Non-dilutive securities**

As at balance date, 76,281,454 unlisted options (30 June 2015: 61,500,000 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.

Conversions, calls, subscriptions or issues after 30 June 2016

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
23. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Cash and Cash Equivalents		
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	616	616
Cash at bank	30,757	18,030
Deposits at call	5,066,887	1,807,140
	<u>5,098,260</u>	<u>1,825,786</u>
(b) Reconciliation of the profit/(loss) from ordinary activities after income tax to the net cash flows used in operating activities		
Loss from ordinary activities after income tax	(1,673,138)	(1,936,210)
<i>Non-cash items:</i>		
Depreciation	20,615	31,548
Unrealised foreign exchange loss	2,899	-
Exploration written off	1,190,418	977,827
Investment written back	(4,050)	(150)
Expense of share-based payments	-	223,025
Discount on early repayment of receivable	-	50,000
Loss on write off of plant and equipment	-	8,569
<i>Change in operating assets and liabilities:</i>		
Decrease/(increase) in prepayments	(8,623)	(14,404)
Decrease/(increase) in receivables	(347,042)	371,009
Increase/(decrease) in trade creditors	150,545	(88,210)
Increase/(decrease) in employee entitlements	11,712	(3,700)
Net cash outflows used in operating activities	<u>(656,664)</u>	<u>(380,696)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

23. NOTES TO THE STATEMENT OF CASH FLOWS

(c) Stand-By Credit Facilities

As at 30 June 2016 the Company has a business credit card facility available totaling \$30,000 (2015:\$30,000) of which \$1,706 (2015: \$11,246) was utilised.

(d) Non Cash Financing and Investing Activities

During the financial year ended 30 June 2016 the Company had no non-cash financing or investing activities.

24. FINANCIAL INSTRUMENTS

The consolidated entity's activities expose it to a variety of financial risks and market risks. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Financial Risk Management Policies

Exposure to key financial risks is managed in accordance with the consolidated entity's risk management policy with the objective to ensure that the financial risks inherent in exploration activities are identified and then managed or kept as low as reasonably practicable. The main financial risks that arise in the normal course of business are market risk (primarily interest rate risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments for exploration expenditure. Exposure to liquidity risk is limited by anticipating liquidity shortages and ensures capital can be raised in advance of shortages. It is the Board's policy that no speculative trading in financial instruments be undertaken so as to limit expose to price risk.

Primary responsibility for identification and control of financial risks rests with the Managing Director and the Company Secretary, under the authority of the Board. The Board is appraised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note 1 to the financial statements. The carrying values less the impairment allowance for receivables and payables are assumed to approximate fair values due to their short term nature. Cash and cash equivalents are subject to variable interest rates.

Categories of Financial Instruments

	<u>2016</u>	<u>2015</u>
	\$	\$
Financial assets		
Cash and cash equivalents	5,098,260	1,825,786
Other receivables	521,689	174,648
Other financial assets	428,242	30,071
	<u>6,048,191</u>	<u>2,030,505</u>
Financial liabilities		
Trade and other payables	645,963	224,534
	<u>5,402,228</u>	<u>1,805,971</u>

Fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

24. FINANCIAL INSTRUMENTS

Specific Financial Risk Exposures and Management

(a) Market Risk - Interest Rate Risk Management

The consolidated entity's cash-flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. At reporting date, the consolidated entity does not have any borrowings. The consolidated entity does not enter into hedges.

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets.

Liquidity and interest risk table

The following tables detail the consolidated entity's remaining contractual maturity for its non-derivative financial assets and liabilities and have been prepared on the following basis:

- Financial assets – based on the undiscounted contractual maturities including interest that will be earned on those assets except where the consolidated entity anticipates that the cash flow will occur in a different period; and
- Financial liabilities – based on undiscounted cash flows on the earliest date on which the consolidated entity can be required to pay, including both interest and principal cash flows.

2016

	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5 plus years \$	No fixed term \$	Total \$
Financial Assets							
Non-interest bearing	950,547	-	-	-	-	-	950,547
Variable interest rate	-	5,097,644	-	-	-	-	5,097,644
Fixed interest rate	-	-	-	-	-	-	-
	950,547	5,097,644	-	-	-	-	6,048,191
Financial Liabilities							
Non-interest bearing	645,963	-	-	-	-	-	645,963
Variable interest rate	-	-	-	-	-	-	-
Fixed interest rate	-	-	-	-	-	-	-
	645,963	-	-	-	-	-	645,963

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

24. FINANCIAL INSTRUMENTS (Continued)

Specific Financial Risk Exposures and Management

(a) Market Risk - Interest Rate Risk Management

2015

	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5 plus years \$	No fixed term \$	Total \$
Financial Assets							
Non-interest bearing	205,335	-	-	-	-	-	205,335
Variable interest rate	-	1,825,170	-	-	-	-	1,825,170
Fixed interest rate	-	-	-	-	-	-	-
	205,335	1,825,170	-	-	-	-	2,030,505
Financial Liabilities							
Non-interest bearing	224,534	-	-	-	-	-	224,534
Variable interest rate	-	-	-	-	-	-	-
Fixed interest rate	-	-	-	-	-	-	-
	224,534	-	-	-	-	-	224,534

(b) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity's exposure and the credit ratings of its counterparties are monitored. The consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

With respect to credit risk arising from financial assets, which comprise cash and cash equivalents and receivables, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. At reporting date cash and deposits were held with Commonwealth Bank of Australia and Westpac Banking Corporation.

The credit quality of the financial assets that are either past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. All cash balances are deposits with financial institutions with 'AA' S&P ratings. The tenement and rental bonds disclosed in Other Receivables (Note 6) are also deposits with financial institutions with 'AA' S&P ratings. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

24. FINANCIAL INSTRUMENTS

(b) Credit Risk Management (Continued)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount of the financial assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and in the notes to the financial statements.

(c) Commodity Price Risk and Liquidity Risk

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the consolidated entity's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the consolidated entity monitors its ongoing exploration cash requirements and raises equity funding as and when appropriate to meet such planned requirements. The consolidated entity has no undrawn financing facilities. Trade and other payables, the only financial liability of the consolidated entity, are due within 3 months.

At the present state of the consolidated entity's operations it has minimal commodity price risk and limited liquidity risk due to the level of payables and cash reserves held. The consolidated entity's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

(d) Foreign Exchange Risk

The consolidated entity is not exposed to foreign exchange risk.

(e) Fair Value of Financial Instruments

AASB 7 Financial Instruments: Disclosures which require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than the shares held in listed entities as disclosed in Note 7, which are held at fair value based on quoted prices (level 1 in fair value hierarchy).

No financial instruments at level 2 or 3 in the valuation hierarchy were held at 30 June 2016 (30 June 2015: \$Nil).

(f) Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the consolidated entity consists of equity only, comprising issued capital and reserves, net of accumulated losses. The consolidated entity's policy is to use capital market issues to meet the funding requirements of the consolidated entity.

There were no changes in the consolidated entity's approach to capital management during the year.

The consolidated entity is not subject to externally imposed capital requirements.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

25. PARENT COMPANY

(a) Financial Position

As at 30 June 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
Assets		
Total current assets	6,048,191	2,030,505
Total non-current assets	8,047,876	7,364,437
Total Assets	14,096,067	9,394,942
Liabilities		
Total current liabilities	773,021	339,879
Total non-current liabilities	-	-
Total Liabilities	773,021	339,879
Net Assets	13,323,046	9,055,063
Equity		
Issued capital	32,988,552	27,791,828
Reserves	1,177,422	553,025
Accumulated losses	(20,842,928)	(19,289,790)
Total Equity	13,323,046	9,055,063
Profit/(loss) for the year	(1,673,138)	(1,936,210)
Other comprehensive income	-	-
Total comprehensive profit/(loss) for the year	(1,673,138)	(1,936,210)

(b) Guarantees entered into by the Parent

Pioneer Resources Limited has not entered into a deed of cross guarantee with its wholly-owned subsidiary.

(c) Contingent liabilities of the Parent

Pioneer Resources Limited's contingent liabilities are consistent with those disclosed in Note 27.

(d) Capital commitment of the Parent

Pioneer Resources Limited's capital commitments are disclosed in Note 20.

26. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee Entitlements

The aggregate employee entitlement liability is disclosed in Note 12.

Directors, Officers, Employees and Other Permitted Persons Option Plan

Details of the Company's Directors, Officers, Employees and Other Permitted Persons Option Plan are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

26. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS (Continued)

Superannuation Commitments

The Company contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, to provide benefits to employees on retirement, death or disability.

Accordingly no actuarial assessment of the plans is required.

Funds are available for the purposes of the plans to satisfy all benefits that would have been vested under the plans in the event of:

- termination of the plans;
- voluntary termination by all employees of their employment; and
- compulsory termination by the employer of the employment of each employee.
- during the year employer contributions to superannuation plans (including salary sacrifice amounts) totaled \$47,749 (2015: \$68,809).

27. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the financial statements of the consolidated entity as at 30 June 2016 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.

28. 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 the following:

- (i) On 21 July 2016 the Company issued a total of 42,174,962 ordinary shares at an issue price of 3.6 cents each following an offer from the Company's Share Purchase Plan, which raised \$1,518,300 (before issue costs).
- (ii) Since balance date the Company has received \$454,965 from the Australian Taxation Office with respect to refundable R & D tax incentives.
- (iii) On 5 September 2016 the Company issued a total of 3,270,400 unlisted options to a nominee of Sanlam Private Wealth Pty Ltd at an exercise price of 6 cents each exercisable by 4 September 2018.
- (iv) On 23 September 2016 the Company issued 731,750 ordinary shares at a deemed issued price of 3.4 cents per share to International Lithium Corp as First Earn In Consideration under the Raleigh Lithium Project Heads of Agreement.
- (v) On 23 September 2016 the Company issued 2,133,409 ordinary shares at an issue price of 4.18 cents each to Milford Resources Pty Ltd following shareholder approval obtained at a General Meeting on 13 September 2016.
- (vi) On 23 September 2016 the Company lodged a transaction specific prospectus for the offer of 14,058,215 options to eligible shareholders who participated in the Company's Share Purchase Plan under which shares were issued to eligible shareholders on 21 July 2016. The options are exercisable at 6 cents each by 31 July 2018. The issue of the options was approved at a General Meeting on 13 September 2016.

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

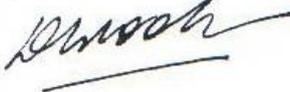
In the opinion of the Directors of Pioneer Resources Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 14 to 50, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2016 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.
- (b) there are reasonable grounds to believe that Pioneer Resources Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Company Secretary for the financial year ended 30 June 2016.

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

Signed at Perth this 29 September 2016



D J Crook
Managing Director

Independent Auditor's Report to the members of Pioneer Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Pioneer Resources Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 14 to 51.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pioneer Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Pioneer Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(b).

Report on the Remuneration Report

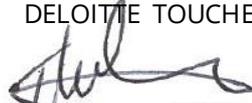
We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Pioneer Resources Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



John Sibenaler

Partner

Chartered Accountants

Perth, 29 September 2016

PIONEER RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ADDITIONAL ASX INFORMATION

The following additional information is required by the Australian Securities Exchange. The information was current as at 16 September 2016.

(a) Distribution schedule and number of holders of equity securities as at 16 September 2016

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Fully Paid Ordinary Shares (PIO)	155	136	193	1,824	1,574	3,882
Listed Options – 6c 31/7/18 (PIOO)	-	-	-	15	62	77
Unlisted Options – 30c 15/10/17	-	-	-	-	3	3
Unlisted Options – 2.6c 30/4/18	-	-	-	-	7	7
Unlisted Options – 5c 30/4/18	-	-	-	-	8	8
Unlisted Options – 7.5c 30/4/18	-	-	-	-	8	8
Unlisted Options – 5.4c 4/9/18	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 16 September 2016 was 891 (holding 8,740,084 shares). The number of holders holding less than a marketable parcel of listed options as at 16 September 2016 was 27 (holding 2,403,434 listed options).

(b) 20 Largest Holders of Quoted Equity Securities as at 16 September 2016

Fully Paid Ordinary Shares

The names of the twenty largest holders of fully paid ordinary shares (ASX Code: PIO) as at 16 September 2016 were:

Rank	Name	Shares	% of Total Shares
1	Xstrata Nickel Australasia Investments Pty Ltd	21,396,935	2.07
2	J P Morgan Nominees Australia Limited	20,517,402	1.98
3	Mr Peter Woodland	19,440,800	1.88
4	Mr Justin John Taylor	17,000,000	1.64
5	Rafe Pty Ltd <Tomasich S/F A/C>	14,500,000	1.40
6	Mr Dennis Rosenwald	14,400,000	1.39
7	Claymore Investments Pty Ltd <Waldeck S/F A/C>	10,000,000	0.97
8	Mr David J Crook & Mrs Jennifer A Crook <Parkway S/F A/C>	9,325,079	0.90
9	Mr Mark Kevin Proctor	9,000,000	0.87
10	Ionikos Pty Ltd <McGown S/F A/C>	8,071,427	0.78
11	Monex Boom Securities (Hk) Limited <Clients Account>	6,456,432	0.62
12	Mr Terence Mervyn Risby & Mr Dawn Lillian Risby <Risby Family Super Fund A/C>	6,416,666	0.62
13	Basildene Pty Ltd <Warren Brown S/F A/C>	6,337,090	0.61
14	Mr Peter G Alleway & Mrs Colleen G Alleway <Alleway Family A/C>	5,450,000	0.53
15	Mr David Robert Woodland	5,416,666	0.52
16	Dr Amar Adarsh Krishna	5,371,000	0.52
17	Mr Cedric Desmond Parker	5,287,654	0.51
18	Mrs Carolyn Alys Chapman	4,625,000	0.45
19	Dean Property Team Asset Pty Ltd	4,416,666	0.43
20	Mr Wayne Stephen Clark	4,250,000	0.41
	TOTAL	197,678,817	19.10

Listed Options (PIOO)

The names of the twenty largest holders of listed options (ASX Code: P100) as at 16 September 2016 were:

Rank	Name	Listed Options	% of Total Listed Options
1	HSBC Custody Nominees (Australia) Limited - A/C 3	2,777,777	9.17
2	B & A Wallace Super Fund	2,110,000	6.97
3	Petard Pty Ltd	2,000,000	6.60
4	Bluehawk Capital Pty Ltd	2,000,000	6.60
5	Mr Bin Liu	1,851,852	6.12
6	Ms Chunyan Niu	1,388,889	4.59
7	Mr Pradeep Arundavaraja	1,000,000	3.30
8	Mr Peter Lancelot Gebhardt & Mrs Carlene Joy Gebhardt (Petard Super Fund A/C)	1,000,000	3.30
9	Mr Gregory Black	1,000,000	3.30
10	Mr David Michael Gartner	1,000,000	3.30
11	Westbourne Asset Management Pty Ltd (Milarm Family A/C)	833,333	2.75
12	Mr Justin John Taylor	567,591	1.87
13	Ms Chunyang Niu	564,814	1.87
14	Faraway Pty Limited (Faraway A/C)	500,000	1.65
15	Mr Antony Ian Porteus	500,000	1.65
16	HC Investment Holdings Pty Limited (The JC A/C)	500,000	1.65
17	Bellaire Capital Pty Ltd (Bellaire Capital Invest A/C)	466,667	1.54
18	Mr Jason John Stephens	462,963	1.53
19	Village Mpire Pty Ltd (Village Partners A/C)	462,963	1.53
20	Mr Mark Andrew Linney (The M A Linney Family A/C)	462,963	1.53
	TOTAL	21,449,812	70.82

Stock Exchange Listing – Listing has been granted for 1,034,867,169 ordinary fully paid shares (PIO) and 30,281,454 listed options (PIOO) of the Company on issue on the Australian Securities Exchange.

The unquoted securities on issue as at 16 September 2016 are detailed below in Section (d) below.

(c) Substantial Shareholders

No substantial shareholding notices have been provided to Pioneer Resources Limited.

(d) Unquoted Securities

The number of unquoted securities on issue as at 16 September 2016:

Security	Number on issue
Unlisted options exercisable at 30 cents, on or before 15 October 2017	30,000,000
Unlisted options exercisable at 2.6 cents, on or before 30 April 2018	5,000,002
Unlisted options exercisable at 5.0 cents, on or before 30 April 2018	5,500,001
Unlisted options exercisable at 7.5 cents, on or before 30 April 2018	5,499,997
Unlisted options exercisable at 5.4 cents, on or before 4 September 2018	3,270,400
TOTAL	49,270,400

(e) Names of persons holding more than 20% of a given class of unquoted securities (other than employee options) as at 16 September 2015

Security	Name	Number of Securities
Unlisted Options – 30 cents by 12/10/17	Alan Paul Rudd	10,000,000
Unlisted Options – 30 cents by 12/10/17	Donald Peter Huntly & Alevtina Borisovna Huntly <Deti Trading A/C>	10,000,000
Unlisted Options – 30 cents by 12/10/17	Druidston Holdings Pty Ltd <Brand Superannuation A/C>	10,000,000

(f) Restricted Securities as at 16 September 2016

There were no restricted securities on issue as at 16 September 2016.

(g) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options have no voting rights.

(h) Company Secretary

The Company Secretary is Ms Julie Wolseley.

(i) Registered Office

The Company's Registered Office 21 Ord Street, West Perth, Western Australia 6005.

(j) Share Registry

The Company's Share Registry is Security Transfer Registrars Pty Limited, 770 Canning Highway, Applecross, Western Australia, 6153. Telephone: (08) 9315 2333. Facsimile: (08) 9315 2233.

(k) On-Market Buy-back

The Company is not currently performing an on-market buy-back.

Pioneer Resources Ltd
Tenement Schedule
(Consolidated Basis)

Tenement	Holder	Notes
Golden Ridge Nickel Project Located 30km SE of Kalgoorlie, WA		
M26/220	Golden Ridge North Kambalda Pty Ltd	1
M26/222	Golden Ridge North Kambalda Pty Ltd	1, 11
M26/284	Golden Ridge North Kambalda Pty Ltd	1, 11
M26/285	Golden Ridge North Kambalda Pty Ltd	1, 11
L26/272	Golden Ridge North Kambalda Pty Ltd	1
Juglah Dome Gold/VMS Project Located 58km SE of Kalgoorlie, WA		
E25/381	Western Copper Pty Ltd	4
E25/514	Pioneer Resources Limited	
E25/523	Western Copper Pty Ltd	4, 13
Acra Gold Project Located 60km NE of Kalgoorlie, WA		
E27/278	Pioneer Resources Limited	2, 8
E27/438	Pioneer Resources Limited	
E27/491	Pioneer Resources Limited	
E27/520	Pioneer Resources Limited	2
E27/548	Pioneer Resources Limited	
E27/549	Pioneer Resources Limited	
E28/1746	Pioneer Resources Limited	2, 8
E28/2483	Pioneer Resources Limited	
P28/1120	Pioneer Resources Limited	8
Fairwater Nickel Project Located 220km SE of Kalgoorlie, WA		
E63/1244	Pioneer Resources Limited / National Minerals Pty Ltd	10
E63/1665	Pioneer Resources Limited / National Minerals Pty Ltd	10
E63/1714	Pioneer Resources Limited / National Minerals Pty Ltd	10
Pioneer Lithium Project Located 133km SSE of Kalgoorlie, WA		
E15/1515	Pioneer Resources Limited	
E15/1522	Pioneer Resources Limited	
E63/1669	Pioneer Resources Limited	
E63/1782	Pioneer Resources Limited	
E63/1783	Pioneer Resources Limited	
E63/1785	Pioneer Resources Limited	
Katanning Gold Project Located 260km SE of Perth, WA		
E70/4827	Pioneer Resources Limited	
E70/4828	Pioneer Resources Limited	
E70/4835	Pioneer Resources Limited	
E70/4836	Pioneer Resources Limited	
Phillips River Lithium Project Located 50km NW of Esperance, WA.		
E74/581	Pioneer Resources Limited	
E63/1776	Pioneer Resources Limited	
Bodardi Lithium Project Located 240km SE of Carnarvon, WA		
E09/2180	Pioneer Resources Limited / Milford Resources Pty Ltd	12
Donnelly Lithium Project Located 15km SW of Greenbushes, WA		
E70/4826	Paul Winston Askins	14
E70/4829	Paul Winston Askins	14

Tenement	Holder	Notes
Lithium Regional Projects, Located in WA		
E30/487	Pioneer Resources Limited	
E53/1899	Pioneer Resources Limited	
E15/1536	Pioneer Resources Limited	
E15/1537	Pioneer Resources Limited	
E63/1796	Pioneer Resources Limited	
E77/2377	Pioneer Resources Limited	
E77/2378	Pioneer Resources Limited	
E77/2379	Pioneer Resources Limited	
Mavis Lake and Raleigh Lithium Projects, Located 10km and 60km East of Dryden, Ontario, Canada		
4208712	International Lithium Corporation	15
4208713	International Lithium Corporation	15
4208714	International Lithium Corporation	15
4218370	International Lithium Corporation	15
4218371	International Lithium Corporation	15
4242501	International Lithium Corporation	15
4242502	International Lithium Corporation	15
4242505	International Lithium Corporation	15
4245250	International Lithium Corporation	15
4274924	International Lithium Corporation	15
4274925	International Lithium Corporation	15
4274926	International Lithium Corporation	15
4274927	International Lithium Corporation	15
4251131	International Lithium Corporation	15
4251132	International Lithium Corporation	15
4251133	International Lithium Corporation	15
4251134	International Lithium Corporation	15
4251135	International Lithium Corporation	15
4251136	International Lithium Corporation	15
4251137	International Lithium Corporation	15
4251138	International Lithium Corporation	15
4251139	International Lithium Corporation	15
4251140	International Lithium Corporation	15
K489140	International Lithium Corporation	15
K498288	International Lithium Corporation	15
K498289	International Lithium Corporation	15
K498290	International Lithium Corporation	15
K498292	International Lithium Corporation	15
Wattle Dam Nickel Project Located 65km S of Kalgoorlie, WA		
M15/1101	Maximus Resources Limited	3, 5
M15/1263	Maximus Resources Limited	3, 5
M15/1264	Maximus Resources Limited	3, 5
M15/1323	Maximus Resources Limited	3, 5
M15/1338	Maximus Resources Limited	3, 5
M15/1769	Maximus Resources Limited	3, 5
M15/1770	Maximus Resources Limited	3, 5
M15/1771	Maximus Resources Limited	3, 5
M15/1772	Maximus Resources Limited	3, 5
M15/1773	Maximus Resources Limited	3, 5
Larkinville Lithium, Nickel Project Located 75km S of Kalgoorlie, WA		
M15/1449	Maximus Resources Limited / Pioneer Resources Limited	6, 7
P15/5912	Maximus Resources Limited / Pioneer Resources Limited	6, 7

Tenement	Holder	Notes
Maggie Hays Hill JV, Located 140km SE of Southern Cross		
E63/1784	Poseidon Nickel Limited / Pioneer Resources Ltd	16
Ravensthorpe Copper-Gold Project Located 340km SW of Kalgoorlie, WA		
E74/311	ACH Minerals Pty Limited	9
E74/379-1	ACH Minerals Pty Limited	9
E74/392	ACH Minerals Pty Limited	9
E74/399	ACH Minerals Pty Limited	9
E74/406	ACH Minerals Pty Limited	9
E74/486	ACH Minerals Pty Limited	9
E74/537	ACH Minerals Pty Limited	9
E74/558	ACH Minerals Pty Limited	9
E74/560	ACH Minerals Pty Limited	9
M74/163	ACH Minerals Pty Limited	9
P74/305	ACH Minerals Pty Limited	9
P74/349	ACH Minerals Pty Limited	9

Notes:	
1	Golden Ridge North Kambalda P/L is a wholly-owned subsidiary of Pioneer
2	Heron Resources Limited retains nickel laterite ore
3	Heron Resources Limited retains pre-emptive right to purchase Nickel Laterite Ore
4	Western Copper Pty Limited is a wholly-owned subsidiary of Pioneer
5	Wattle Dam JV Agreement: Title, Mineral Rights held by Maximus Resources Limited, except nickel. Pioneer 20% free carried interest in NiS minerals
6	Larkinville JV Agreement: Maximus Resources Limited 75% in Gold and Tantalite, Pioneer 25% free carried interest
7	Larkinville JV Agreement: Maximus has an 80% interest in nickel rights, Pioneer 20% free carried interest
8	Xstrata Nickel Australasia Operations Pty Limited 100% NiS, 0.5% NSR for Au, Pioneer 100% Au, 0.5% NSR Ni
9	Ravensthorpe: Title and rights to all minerals held by ACH Minerals Pty Limited. Pioneer 1.5% NSR
10	Fairwater JV Agreement: Pioneer 75% Interest, National Minerals P/L 25% free carried interest
11	Gold royalty held by Morgan Stanley Finance Pty Limited and Morgan Stanley Capital Group Inc.
12	Milford Resources Pty Limited 10% free carried interest
13	1% gross royalty held by Walter Scott Wilson
14	Subject to an Option Agreement with Paul Winston Askins & Helen Ansell Trustees of the Askins & Ansell Trust
15	Subject to an earn-in Joint Venture with International Lithium Corp.
16	Maggie Hays Lake JV Agreement: Poseidon Nickel Limited 80%, Pioneer 20% & free carried interest to commencement of mining.