

Friday, 30 October 2009

## Pioneer Resources Limited (ASX: PIO)

### QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

#### **HIGHLIGHTS: Excellent drill results returned from the Lignum Dam Gold Project.**

27 RC drill holes were completed for 2,611m.

21 of these returned encouraging gold intercepts Including:

#### Tregurtha Prospect

- LDRC015: 8m at 8.55g/t from 43m
- LDRC020: 10m at 5.72g/t from 34m
- LDRC021: 13m at 7.73g/t from 58m
- LDRC022: 7m at 3.76g/t from 43m
- LDRC024: 13m at 1.94g/t from 140m
- LDRC027: 8m at 2.80g/t from 89m.

#### Hughes Prospect

- LDRC003: 7m at 3.01g/t from 59m
- LDRC005: 3m at 7.69g/t from 61m
- LDRC007: 13m at 2.09g/t from 34m.

Subsequent to the end of the quarter four of these holes were extended and a further two new holes were drilled by diamond drilling, generating 465.9m of core. The core is in the laboratory, with assays due in early November 2009.

#### **OUTLOOK: Drilling at Lignum Dam, Acra and Golden Ridge during December 2009 Quarter.**

##### Lignum Dam Gold Project:

- The Company will commence 2,500m of RC drilling at Tregurtha during November 2009 and expects to announce results before the end of the year.
- Drilling at Hughes is expected to commence early in 2010.

##### Golden Ridge JV Project

- A stratigraphic diamond hole has commenced. This hole will provide geological information for the Leo Dam Prospect, and has been jointly funded with Australian Mines Limited.

##### The Acra JV Project

- Two diamond drill holes will be drilled to test a possible nickel sulphide gossan and a nearby EM conductive response. This work will be fully funded by Xstrata Nickel Australasia Pty Ltd.

At 30 September 2009 Pioneer had cash reserves of \$4.93 million and no debt.

## **CORPORATE: Capital secured to continue high impact exploration.**

During the September 2009 Quarter the Company completed two capital raisings under Section 708 of the Corporations Act, raising a total of \$4,178,086 (before issue costs).

<b>Shares Issued</b>	<b>Issue Price</b>	<b>Mechanism</b>	<b>Amount Raised</b>
46,200,000	2.5cps	Section 708 placement	\$ 1,155,000
58,136,270	5.2cps	Section 708 placement	\$ 3,023,086
<b>104,336,270</b>			<b>\$ 4,178,086</b>

Following completion of these capital raising initiatives Pioneer has 279,044,749 fully paid ordinary shares presently on issue.

Peter Langworthy resigned as a Non-executive Director of the Company to pursue other interests. The Board acknowledged Peter's significant contribution as a Non-executive Director while representing Xstrata Nickel Australasia Investments Pty Ltd.

## ***Exploration***

### **1. Lignum Dam Gold Project: Reverse circulation drilling reveals hidden potential. (Pioneer 100%).**

#### **Highlights**

- 19 holes drilled at Tregurtha and 8 holes drilled at Hughes Prospects for a total of 2,611m
- 21 of the 27 holes drilled intersected significant gold mineralisation
- Additional diamond drilling, amounting to 465.9m of core, has been completed
- Mineralisation remains open along strike and down dip at both prospects
- In a number of holes, multiple zones of mineralisation were intersected
- Several regional gold targets have been identified. Prospectivity is enhanced due to proximity to the Lignum Dam discoveries.

#### **Project Status**

The Lignum Dam Gold Project, located 55km NE of Kalgoorlie, WA, is a gold discovery made by Pioneer. RAB drilling was used to test soil geochemical anomalies, resulting in the identification of the Tregurtha and Hughes Prospects within the Rainbow Dam Granodiorite.

During the quarter Pioneer announced results from the first round of reverse circulation drilling. Potential ore grade gold intercepts were returned from both prospects, with mineralisation remaining open north and south along strike and down dip.

Subsequent to the end of the quarter a six hole diamond core drilling program was completed generating 465.9m of core. The diamond drilling program included extensions to four reverse circulation drill holes and two new holes.

Pioneer's structural geology consultant has logged the core, recognising several shear arrays. The drill core has been cut and assay results are pending. Gold assays and structural data will be compared to determine which shear orientations are mineralised, and this information will be used to plan the next round of reverse circulation drilling. Assays of core samples are expected to be received early in November 2009.

Further details of the RC drilling program for the Lignum Dam Gold Project can be found on Pioneer's website, by invoking the following links:

Company Update (RC drilling at the Lignum Dam Project commences)  
<http://www.pioneerresources.com.au/downloads/asx/pio20090810.pdf>

Outstanding initial gold drilling results from Lignum Dam  
<http://www.pioneerresources.com.au/downloads/asx/pio20090820.pdf>

Further excellent gold results returned from Lignum Dam  
<http://www.pioneerresources.com.au/downloads/asx/pio20090901a.pdf>

Company Update (Lignum Dam diamond drilling commences, RC drilling assay update and General Meeting presentation)  
<http://www.pioneerresources.com.au/downloads/asx/pio20090917.pdf>

### **Outlook**

As statutory approvals are received, the Company will undertake programs of resource definition drilling at the Tregurtha and Hughes Prospects utilising both reverse circulation and diamond drilling machinery. The next phase of drilling will be approximately 2,500m of RC drilling at Tregurtha Prospect. Assay results will be released as received and are expected before the end of 2009.

The Company is also preparing to drill at the Hughes Prospect. At this stage drilling is expected to commence in the first quarter of 2010.

The Company holds a 100% interest in a very large tenement portfolio, exceeding 1,000 km<sup>2</sup>, within a radius of 100km of Kalgoorlie, WA. Additional gold and base metal targets have been identified by Company geologists within these tenements, much of it from open file geochemical data and historic records, and systematic exploration of these will commence during 2010.

## **2. Golden Ridge Nickel JV Project: Diamond drilling commences at the Leo Dam Prospect. (Pioneer 56%, Australian Mines Limited (ASX: AUZ) 44% contributing)**

Three programs of work have been planned for the Golden Ridge JV Nickel Project. These include stratigraphic diamond drilling, EM surveys and Aircore drilling.

A stratigraphic diamond drill hole has commenced at the Leo Dam Prospect, with both companies contributing to costs on a pro-rata basis. The drill hole will be in the order of 350m deep, and designed to test a prospective geological unit (high magnesium komatiite) directly down-dip of significant Ni-Cu-PGE anomalism intersected in earlier aircore drilling. The coincident Ni-Cu-PGE values are the highest identified to date within the GRJV Project by Pioneer's drilling. High magnesium komatiite is the typical host rock for Kambalda-style nickel sulphide deposits.

The hole is designed to penetrate eastern and western contacts of the targeted komatiite unit providing information on rock composition, structural integrity and stratigraphic layering of the volcanic pile.

### **Outlook**

EM surveys have been planned for Leo Dam, for a series of targets along the basal contact of the Central Ultramafic Unit and near the closed Blair Mine. This work will be jointly funded by the JV Partners.

- 3. Acra Nickel JV Project: Drilling to test EM conductive responses will commence shortly. (Pioneer 40% (free-carried), Xstrata Nickel Australasia Pty Ltd 60% and may earn up to an 80% interest.)**

Modelling of fixed-loop EM data for the Acra area is complete and two drill targets have been generated.

Two 350m drill holes will be drilled during the December 2009 quarter. One will test a target located under a disseminated sulphide gossan and another to test a target located on an ultramafic contact. This work is fully funded by Xstrata.

- 4. Mt Chester Manganese Prospect: Potential to extend anomalous zone. (Pioneer 75%, Galaxy Resources Limited (ASX: GXY) 25%, contributing interest.)**

The Joint Venture has reported an initial target based on a 500m long rock chip and soil geochemical anomaly, with rock chip assays ranging between 30% and 49% Mn. A second manganese soil anomaly is evident north along strike of the initial outcropping target.

The Mt Chester Manganese Prospect has significant infrastructure advantages over other manganese projects located on mainland Australia, being 10km from an established town and 180km from a deep water port.

Infill soil sampling and mapping will be completed during the December 2009 Quarter.

- 5. Heazlewood (including Contact Creek) and Rocky River Projects, Tasmania: High grade iron located. (Venture Minerals Limited (ASX: VMS) and Bass Metals Limited (ASX: BSM). Pioneer 2% NSR on all commodities)**

Venture Minerals Limited reports that activities focussed on the new Rocky River South Prospect which hosts the southern extension of the Savage River mine sequence (Savage River Magnetite Mine currently produces 2.3Mtpa of iron pellets). Early work involving mapping and rock chip sampling returned excellent results with rock chips assaying up to 66% Fe with very low impurities.

Further details of this work can be found on Pioneer's website, by invoking the following link:

Venture Minerals Limited announcement: First pass rock chips return 66% Iron  
<http://www.pioneerresources.com.au/downloads/asx/vms20090827.pdf>

Yours sincerely



**Managing Director**

**For more information please contact:**

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Diamond drilling rig on site at Lignum Dam



Diamond drill core from the Hughes Prospect, Lignum Dam.

## Glossary

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

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

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

“ppm” means 1 part per million by weight.

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

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

“NSR” means Net Smelter Return.

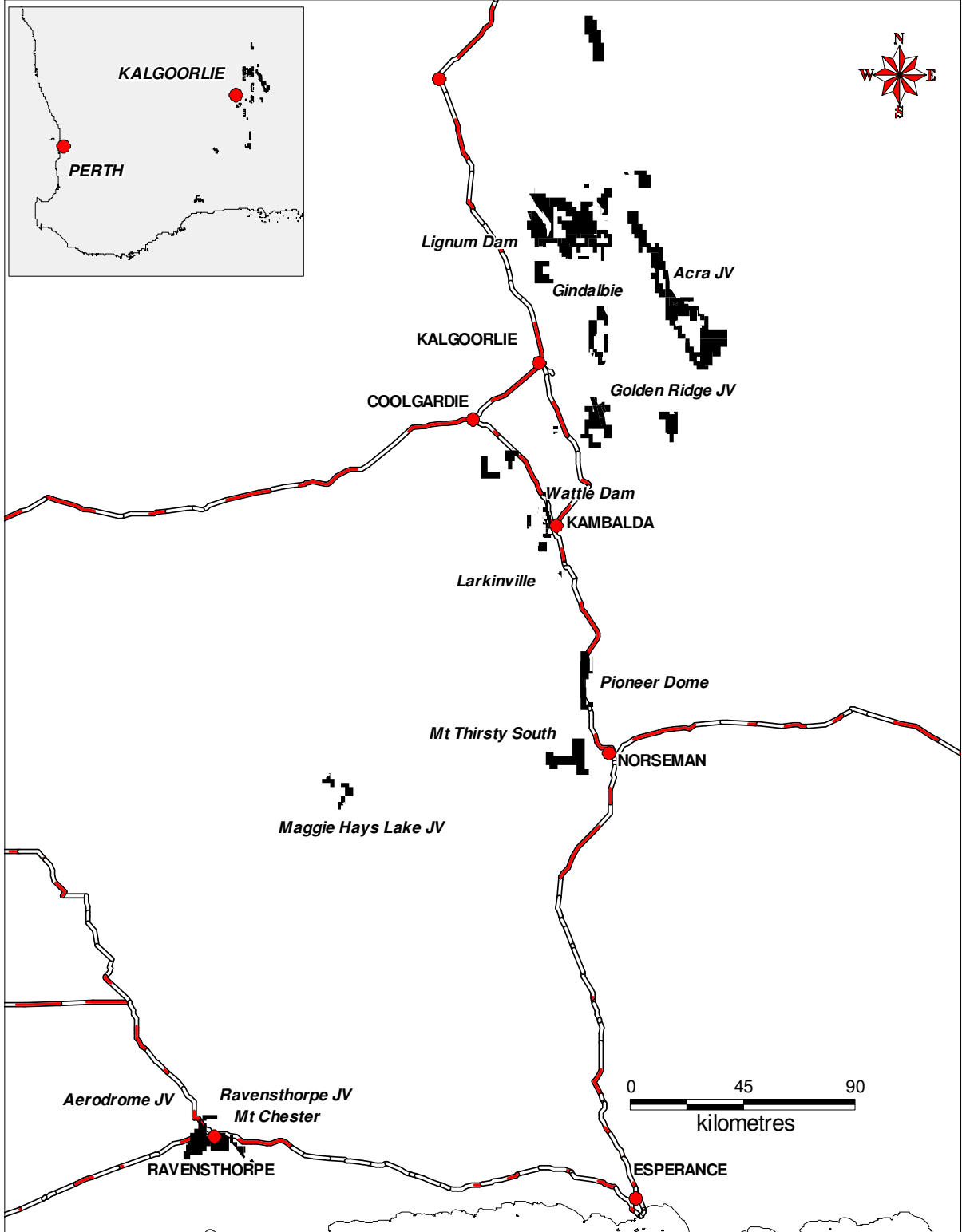
“Au” means gold.

“Cu” means copper.

“Ni” means nickel.

“PGE” means platinum group elements. Here it means platinum + palladium.

The information within this report as it relates to geology and mineralisation was compiled by Mr David Crook who is a member of the Australasian Institute of Mining and Metallurgy and is a competent person with over 20 years experience in the minerals industry, including the activity reported. This person consents to the inclusion of this information in the form and context in which it appears in this report.



# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

**PIONEER RESOURCES LIMITED**

ABN

**44 103 423 981**

Quarter ended ("current quarter")

**30 SEPTEMBER 2009**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(413)	(413)
(b) development	-	-
(c) production	-	-
(d) administration	(167)	(167)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Joint venture exploration funding	96	96
<b>Net Operating Cash Flows</b>	<b>(469)</b>	<b>(469)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(7)	(7)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Payment for tenement bond	-	-
Other – Tenement bonds refunded	1	1
<b>Net investing cash flows</b>	<b>(6)</b>	<b>(6)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(475)</b>	<b>(475)</b>

+ See chapter 19 for defined terms.  
Appendix 5B

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(475)	(475)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	4,178	4,178
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue costs	(96)	(96)
<b>Net financing cash flows</b>		4,082	4,082
<b>Net increase (decrease) in cash held</b>		3,607	3,607
1.20	Cash at beginning of quarter/year to date	1,325	1,325
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>4,932</b>	<b>4,932</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	\$94k
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

*Within item 1.2*

(i) Managing Director and Non-Executive Directors' remuneration - \$94k

**Non-cash financing and investing activities**

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

NIL

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

NIL



**Appendix 5B**  
**Mining exploration entity quarterly report**

Financing facilities available

*Add notes as necessary for an understanding of the position.*

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

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	NIL
<b>Total</b>	<b>450</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	12	30
5.2 Deposits at call	4,920	1,295
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>4,932</b>	<b>1,325</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E63/1030	Sale of interest	100%	20%
6.2 Interests in mining tenements acquired or increased	E27/404	Granted	0%	100%
	E27/341	Granted	0%	100%
	P25/2057	Granted	0%	100%
	P25/2058	Granted	0%	100%
	E28/1866	Granted	0%	100%
	E74/406	Granted	0%	75%
	P74/259	Granted	0%	75%
	P74/260	Granted	0%	75%

+ See chapter 19 for defined terms.  
Appendix 5B

**Issued and quoted securities at end of current quarter**

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b> Ordinary Shares (PIO)	279,044,749	279,044,749		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	104,336,270	104,336,270		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> Unlisted options (PIOAO)			<i>Exercise price</i>	<i>Expiry date</i>
	3,750,000	-	25 cents each	28 Nov 2009
	1,000,000	-	25 cents each	31 Aug 2011
	2,400,000	-	20 cents each	8 Sept 2010
	2,400,000	-	22 cents each	8 Sept 2011
	200,000	-	25 cents each	31 March 2012
	350,000	-	25 cents each	30 June 2011
	250,000	-	30 cents each	30 June 2011
	750,000	-	20 cents each	30 June 2012
	750,000	-	22 cents each	30 June 2013
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		

+ See chapter 19 for defined terms.  
Appendix 5B

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.10	Expired during quarter (lapsed) Unlisted options				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 26 October 2009  
 Company Secretary

Print name: JULIE-ANNE WOLSELEY

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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