

PIONEER ENTERS BINDING OFFTAKE AND FUNDING AGREEMENT WITH CABOT CORPORATION FOR SINCLAIR ZONE CAESIUM PROJECT

Includes US\$4.8 million financing arrangement to fully fund mining operations at the Sinclair Mine

Perth Western Australia, 20 June 2018: Pioneer Resources Limited (“Pioneer” or “the Company”) (ASX:PIO) is pleased to announce that it has entered into an offtake agreement with Cabot Specialty Fluids Ltd, a wholly owned subsidiary of Cabot Corporation (“Cabot”) (NYSE:CBT) to buy 100% of the caesium ore extracted from the Sinclair Zone Caesium Deposit (proposed “Sinclair Mine”) (“Offtake Agreement”).

The Offtake Agreement includes a US\$4.8 million loan facility to fund mining operations at the proposed Sinclair Mine, which is part of the Company’s 100% owned Pioneer Dome Project located near Norseman, WA. The Sinclair Mine will be Australia’s first ever commercial caesium ore producer.

Highlights

- Binding offtake and loan agreement signed with Cabot, a leading global specialty chemicals and performance materials company with a market capitalisation of US\$4 billion;
- US\$4.8 million interest-free loan facility will fully fund mining operations at the proposed Sinclair Mine to extract the Project’s caesium ore in the form of the mineral pollucite;
- Loan to be offset by Pioneer through the delivery of direct shipping ore (“DSO”) pollucite from the Sinclair Mine via the Offtake Agreement with Cabot, or by cash settlement; and
- Offtake agreement provides for the sale and purchase of 100% of the pollucite mined from proposed Sinclair Mine which will be supplied as DSO product.

David Crook, Pioneer’s Managing Director commented:

“The Offtake Agreement is a significant milestone for Pioneer and for the Sinclair Mine. We are delighted to have secured an off-taker with the credibility and reputation that Cabot Corporation holds.”

“Within two years, the Company has discovered and defined Australia’s first caesium deposit, been granted a Mining Lease, completed a robust mining study for the proposed Sinclair Mine, and are advancing the statutory mining approval process. We now add to that the execution of the Offtake Agreement – a key element of which is the US\$4.8 million loan facility which provides sufficient funds to extract the caesium (pollucite) ore from the Sinclair Mine, with delivery as a DSO product to a global caesium specialist.”

Aled Rees, VP & General Manager of Cabot Specialty Fluids commented:

“We are pleased to commence our relationship with Pioneer for supply of pollucite to Cabot and look forward to a positive continuing relationship.”

Furthermore, we are excited to partner with Pioneer on their Sinclair Mine project and support this landmark development. The Offtake Agreement will augment Cabot’s pollucite supply and complement the active supply projects at our TANCO facility in Lac du Bonnet, Manitoba, Canada.”

New Holland Capital advised Pioneer on the Loan and Offtake Agreement.

The Loan

As part of the Agreement, Cabot will provide funding in the form of an interest-free US\$4.8 million loan to Pioneer to be solely used for the development and mining of the Sinclair Mine. The Loan will be offset by Pioneer through the delivery of DSO pollucite from the Sinclair Mine, or by cash settlement subject to certain conditions.

Pioneer has agreed to provide Cabot with security, limited to caesium rights, over the Sinclair Mine as collateral for the Loan. Upon repayment of the US\$4.8 million loan this security will be removed. The Loan will be drawn down upon all conditions precedent being met or waived by Cabot.

The Offtake Agreement

The Offtake Agreement is for the supply of 100% of direct shipping pollucite ore mined from the Sinclair Mine, subject to a minimum grade restriction, over a supply term of two years from commencement of mining operations. Whilst the offtake agreement provides for a supply term of two years, Pioneer currently expects to be able to mine and despatch all saleable pollucite contained at the Sinclair Mine within six months from commencement of mining activities.

The Offtake Agreement pricing is based on a sliding grade scale and fixed for the two-year supply term and no penalties or credits apply for any other elements or compounds present in the delivered pollucite.

Importantly Pioneer retains the rights to all other commodities present at the Sinclair Mine, including feldspar, petalite and lepidolite.

The Offtake and Loan Agreement and the Security Deed include the usual undertakings and representations and warranties as well as standard terms relating to the provision of Security to Cabot.

About Cabot Corporation

Cabot Corporation (NYSE: CBT) is a global specialty chemicals and performance materials company, headquartered in Boston, Massachusetts. The company is a leading provider of [rubber](#) and [specialty carbons](#), [activated carbon](#), [inkjet colorants](#), [cesium formate drilling fluids](#), [masterbatches and conductive compounds](#), [fumed silica](#), and [aerogel](#). For more information on Cabot, please visit the company's [website](#) at: <http://www.cabotcorp.com>.

Cabot also owns Tantalum Mining Corporation (TANCO) in Lac du Bonnet, Manitoba, Canada, which contains a substantial portion of the world's known pollucite reserves.



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About Pioneer Resources Limited

Pioneer is an active exploration company focused on key global demand-driven commodities. The Company operates a portfolio of strategically located lithium, caesium, potassium (“alkali metals”), nickel, cobalt and gold projects in mining regions in Western Australia, plus a portfolio of high quality lithium assets in Canada. Drilling is in progress, or has been recently completed, at each of these Projects:

Pioneer Dome Project and the Sinclair Zone Caesium Deposit: In late 2016 Pioneer reported the discovery of Australia’s first caesium (in the mineral ‘pollucite’) deposit.

Pollucite is a high value mineral and global supply is very constrained. It is a rare caesium bearing mineral that forms in extremely differentiated LCT pegmatite systems. The primary use of pollucite is in the manufacture of Caesium Formate brine used in high temperature/high pressure oil and gas drilling.

The Company’s core focus is to advance the Sinclair Zone Caesium Deposit towards development. The Project has the potential to be a high margin operation for the Company.

Cobalt: Golden Ridge Project, WA: Cobalt demand is expanding in response to its requirement in the manufacture of cobalt-based lithium batteries in certain electric vehicles and electricity stabilisation systems (powerwalls). Other uses for cobalt include in the manufacture of super-alloys, including jet engine turbine blades, and for corrosion resistant metal applications.

Nickel: Blair Dome/Golden Ridge Project: The Company owns the closed Blair Nickel Sulphide Mine located between Kalgoorlie and Kambalda, WA, where near-mine target generation is continuing. The Company recently announced a significant new nickel sulphide drilling intersection at the Leo’s Dam Prospect, highlighting the prospectivity of the greater project area.