



PIONEER RESOURCES LIMITED

ABN 44 103 423 981

2019

Financial Report

For the year ended 30 June 2019

Ground Floor, 72 Kings Park Road, Perth WA 6005
PO Box 1787, West Perth WA 6872
Telephone: +61 8 9322 6974
Email: pioneer@PIOresources.com.au
Website: PIOresources.com.au

www.PIOresources.com.au



PIONEER RESOURCES LIMITED

ABN 44 103 423 981

CORPORATE DIRECTORY

DIRECTORS

Craig McGown
Independent Non-Executive Chairman

David Crook
Managing Director

Allan Trench
Independent Non-Executive Director

Thomas Wayne Spilsbury
Independent Non-Executive Director

COMPANY SECRETARY

Timothy Spencer

PRINCIPAL REGISTERED OFFICE

Ground floor, 72 Kings Park Road
West Perth
Western Australia 6005

PO Box 1787
West Perth
Western Australia 6872

Telephone: +61 8 9322 6974

Email: pioneer@PIOresources.com.au
Internet: www.PIOresources.com.au

AUDITOR

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

SHARE REGISTRY

Automic Group
Level 2, 267 St Georges Terrace
Perth
Western Australia, 6000
Telephone: 1300 288 664 or +61 2 9698 5414
Email: hello@automic.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

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The Directors present their report on Pioneer Resources Limited ("Company") and the entities it controlled ("Consolidated Entity") at the end of and during the year ended 30 June 2019.

DIRECTORS

The following persons were Directors of Pioneer Resources Limited during the whole of the financial year and up to the date of this report:

Craig McGown
David Crook
Allan Trench
Thomas Wayne Spilsbury

PRINCIPAL ACTIVITIES

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

A significant change in the Company's activities during the financial year ended 30 June 2019 was the conducting of mining operations at Sinclair Mine in Western Australia.

RESULTS OF OPERATIONS

The consolidated net profit after income tax for the financial year was \$272,810 (2018: consolidated net loss after income tax \$3,527,689) which included a gross profit of \$3,788,461 (2018: nil) and project exploration write-offs/write-downs of \$413,121 (2018: \$1,541,076).

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

During the financial year the Group commenced mining operations at Sinclair Mine in September 2018 with the Stage 1 open pit completed in January 2019. The Group incurred mining and crushing costs of \$7,876,272 and these costs in addition to amortisation of mine development and a rehabilitation provision totalled \$11,034,917. This amount was then transferred to saleable stockpiled inventory.

During the financial year the Group incurred a total of \$1,476,852 (2018: \$3,706,491) on exploration and evaluation expenditure. The Group's exploration and evaluation efforts were focussed during the reporting period on:

- The Pioneer Dome Project in Western Australia.
- The Golden Ridge Project in Western Australia.
- The WA Lithium Regional Projects located in Western Australia.
- Joint venture partners, Northern Star Resources Ltd and Novo Resources Corp, were active in the Acra and Kangan joint ventures, respectively.

Exploration write-downs totalled \$413,121 which related to the write-down of capitalised costs on tenements surrendered and tenements in application during the year. This compared to exploration write-offs of \$1,541,076 recorded in the prior year ended 30 June 2018.

Corporate and Financial Position

As at 30 June 2019 the consolidated entity had cash reserves of \$2,712,885 (2018: \$2,771,507). The movement in cash is detailed in the Statement of Cash Flows on page 16 of this report.

Business Strategies and Prospects

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

- (i) Completion of pollucite shipments by December 2019;
- (ii) Continue exploration on the 'Dome North' lithium prospect located on the greater Pioneer Dome Project;
- (iii) Continue exploration on the Golden Ridge (nickel sulphides and cobalt) Project;
- (iv) Seek to add value of the consolidated entity's portfolio of exploration projects located in Canada and Western Australia through exploration success, joint ventures and divestment; and
- (v) Continue to evaluate 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 and Chief Financial Officer/Company Secretary 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 and Chief Financial Officer/Company Secretary at each Board of Director meeting.

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 and ad hoc reporting as required by events which impact the consolidated entity's business.

EMPLOYEES

The consolidated entity employed 5 full-time employees as at 30 June 2019 (2018: 5 employees).

CAPITAL STRUCTURE

Shares on Issue

As at the date of this report, the Group had 1,508,758,765 fully paid ordinary shares on issue.

At the Annual General Meeting of the Company on 20 November 2018, shareholders approved the following resolutions in relation to shares and options:

- Ratification of shares issued to International Lithium Corp, Ngadju Native Title Aboriginal Corporation and Novo Resources Corp. totalling 55,543,478.
- Issue of 36,000,000 unlisted options to the directors of the Group.
- Issue of 4,000,000 performance rights to the Managing Director of the Group of which 1,333,600 rights vested at 30 June 2019 and the remaining 2,666,400 rights were cancelled. See below under "Share Options exercised" of this Directors' report for further information.

Options over unissued shares

Unissued shares under option excluding performance rights not yet vested as at the date of this Report are as follows:

<i>Class</i>	<i>Vested or unvested</i>	<i>Number</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
ESOP	Vested	2,333,333	2.6 cents	27 October 2020
ESOP	Vested	2,333,333	5.0 cents	27 October 2020
ESOP	Vested	2,333,333	7.5 cents	27 October 2020
ESOP	Vested	12,000,000	2.5 cents	31 May 2020
ESOP	Vested	12,000,000	3.5 cents	30 November 2021
ESOP	Vested	12,000,000	4.5 cents	30 November 2022

Share Options granted to Directors and Officers

During the current year, the following share options and performance rights were granted to Directors of the Company under the Company's Employee Share Option Plan (ESOP) and Incentive Performance Rights Plan respectively. The issuing of these securities was approved by shareholders on 20 November 2018:

<i>Class</i>	<i>Grant Date</i>	<i>Number</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
ESOP	16 October 2018	12,000,000	2.5 cents	31 May 2020
ESOP	16 October 2018	12,000,000	3.5 cents	30 November 2021
ESOP	16 October 2018	12,000,000	4.5 cents	30 November 2022

<i>Class</i>	<i>Grant Date</i>	<i>Number</i>	<i>Vesting date</i>	<i>Expiry Date</i>
Performance rights	16 October 2018	4,000,000	30 June 2019	15 October 2022

Share Options exercised

During the financial year ended 30 June 2019, 66,666 fully paid ordinary shares in the Company were issued upon the exercise of listed share options at an exercise price of 6 cents per share.

On 25 July 2019, the Company announced that pursuant to its Incentive Performance Rights Plan, the Board of Directors determined 1,333,600 performance rights had vested as at 30 June 2019 due to the respective performance hurdle being achieved and the remainder of the performance rights totalling 2,666,400 lapsed due to the respective performance hurdles not being achieved. The Managing Director elected to convert the vested performance rights into fully paid ordinary shares post 30 June 2019.

SHAREHOLDER RETURNS

	2019	2018
	Cents	Cents
Basic earnings/(loss) per share	0.02	(0.27)
Diluted earnings/(loss) per share	0.02	(0.27)
Share price (cents) – 30 June 2019 (30 June 2018)	1.1	1.9

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

In July 2018, the Board of Directors of the Company approved to proceed with the mining activities at the Sinclair Mine in Western Australia to extract the mineral pollucite for sale under an offtake and loan agreement signed in June 2018. Mining operations commenced in September 2018 and finished in January 2019 with the offtaker providing a US\$4.8 million loan in August 2018 which was repaid in April via the sale of crushed pollucite ore. Sales of the crushed pollucite ore commenced in January 2019 and totalled \$10,528,497 to the year ended 30 June 2019.

On 1 October 2018, the Company entered into a farmin & joint venture agreement with Novo Resources Corp over the Company's Kangan Gold Project in Western Australia. As part of the agreement, Novo Resources Corp subscribed to 50,000,000 listed fully paid shares in the Company at an issue price of \$0.02 per share.

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

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 this consolidated financial report including the entities it controlled during the financial year. The controlled entities were:

- Western Copper Pty Ltd (ACN 114 863 928) (Australia)
- Golden Ridge North Kambalda Pty Ltd (ACN 159 539 983) (Australia)
- Pioneer Canada Lithium Corp. (BC1082452) (British Columbia, Canada).

EVENTS SUBSEQUENT TO BALANCE DATE

In September 2019 as a result of a further stockpile review, the Company decreased its estimate of saleable crushed pollucite inventory, resulting in a reduction of expected total sales during this and the next financial years from \$20 million to \$17 million. Please note that \$10.5 million has been recognised during the financial year ended 30 June 2019 and the reduction in sales has not resulted in a write down of inventory.

In September 2019, the Company reported the first assays results from its maiden drilling program at the Dome North Lithium prospect located in the northern area of the Pioneer Dome Project in Western Australia. The prospect is now considered by the Company to contain significant lithium bearing spodumene deposits and will be subject to further exploration activities during the 2020 financial year.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs.

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 and Canada. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. Rehabilitation costs relating to mining have been provided for in the accounts and are supported by an independent third party assessment. So far as the Directors are aware there have been no material breaches of the consolidated entity's licence conditions and all exploration activities comply with relevant environmental regulations.

EMPLOYEE DIVERSITY

Women currently represent 40% of full time employees in the Group.

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

The following information is current as at the date of this report.

Craig McGown – B Comm

Independent Non-Executive Chairman (appointed 13 June 2008 to present)

Mr McGown was appointed a Director on 13 June 2008. Mr McGown brings to the Board a comprehensive knowledge of equity and debt markets and financing of resource projects. He is an investment banker with over 40 years of experience consulting to companies in Australia and internationally, particularly in the natural resources sector, and 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. He holds a Bachelor of Commerce degree, has been 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 is Chair of the Audit & Risk Committee and a member of the Remuneration Committee.

During the three year period to the end of the financial year, Mr McGown also held non-executive directorships with the following Australian listed companies; Sipa Resources Ltd (11 March 2015 to present) and QMetco Limited (formerly Realm Resources Limited (31 May 2018 to 15 January 2019).

David Crook – B.Sc, MAusIMM, MAIG, GAICD

Managing Director (appointed 11 August 2003 to present)

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 lithium, 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 and now the Sinclair caesium mine. 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.

During the three year period to the end of the financial year, Mr Crook held no other Australian listed company directorships.

Allan Trench – B.Sc (Hons), Ph.D, M.Sc (Min. Econ), MBA (Oxon), ARSM, AWASM, FAusIMM, FAICD

Independent Non-Executive Director (appointed 8 September 2003 to present)

Dr Trench was appointed a Director on 8 September 2003. Dr Trench is a mineral economist, geophysicist and business management consultant. He is a Professor for the Centre for Exploration Targeting at University of Western Australia ("UWA") and UWA Business School as well as a Perth representative of CRU Group Consulting. 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 worked with global consultants McKinsey and Company, onsite at KCGM Pty Ltd ('Kalgoorlie Super-Pit') and at Woodside Petroleum Limited.

Dr Trench is a member of the Audit & Risk Committee and of the Remuneration Committee.

During the three year period to the end of the financial year, Dr Trench also held directorships with the following Australian listed companies; Hot Chili Ltd (19 July 2010 to present), Enterprise Metals Limited (3 April 2012 to present) and Emmerson Resources Limited (3 March 2015 to present).

Thomas Wayne Spilsbury – B.Sc (Hons), M.Sc (Applied Geology), MAIG, GAICD

Independent Non-Executive Director (appointed 4 January 2010 to present)

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 40 years of experience in mineral exploration and management, including 28 years with Teck Cominco Limited and was their former General Manager, Exploration – Asia Pacific. In this role, he held responsibility for managing an extensive exploration portfolio including large-scale gold and base metal projects in Australia and China. Mr Spilsbury has worked throughout Western Canada, the United States, Asia and Australia. Mr Spilsbury also has significant experience in the exploration for and development of lithium projects.

Mr Spilsbury is Chair of the Remuneration Committee and is a member of the Audit & Risk Committee.

During the three year period to the end of the financial year, Mr Spilsbury held no other Australian listed company directorships.

COMPANY SECRETARY

Timothy Gerard Spencer – B.Econ. CPA

Mr Spencer was appointed Company Secretary on 21 November 2017 also holds the position of Chief Financial Officer (appointed 17 October 2017). Mr Spencer received an Economics degree (accounting major) from Monash University, Victoria and is a qualified accountant, holding full membership with CPA Australia. He has over 25 years' experience in mining and precious metals markets, working in various accounting, treasury and finance roles with four mining companies, including roles as Chief Financial Officer, Company Secretary and Executive Director.

DIRECTORS' SECURITY HOLDINGS

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

Director	Ordinary Shares	Options
C McGown	12,476,189	9,166,666
D Crook	13,949,367	16,000,000
A Trench	4,411,758	5,416,667
T W Spilsbury	17,295,234	5,416,667

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		Audit & Risk Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
C McGown	12	12	1	1	4	4
D Crook	12	12	1	1	4	4
A Trench	12	12	1	1	4	4
T W Spilsbury	12	12	1	1	4	4

The Board has not yet seen the need to establish a Nomination Committee but will continue to assess from time to time.

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 307C 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

Fees for non-audit services comprising tax services including research and development grants were paid/payable to Deloitte Tax Services Pty Ltd during the year ended 30 June 2019 totalling \$62,881 (30 June 2018 \$44,467).

PROCEEDINGS ON BEHALF OF THE COMPANY

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

CORPORATE GOVERNANCE

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

REMUNERATION REPORT

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 2019. 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
- Overview of Remuneration Policy
- Relationship between the remuneration policy and company performance
- Remuneration of Key Management Personnel
- 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
- Timothy Spencer – Chief Financial Officer & Company Secretary

Overview of Remuneration Policy

The Board is responsible for ensuring that the Group's remuneration structures are aligned with the long-term interests of the Company and its shareholders. Accordingly, the Board has an established Remuneration Committee to assist it in making decisions in relation to KMP remuneration.

The Remuneration Committee currently comprises three Independent Non-Executive Directors:

- Thomas Wayne Spilsbury (Chair)
- Craig McGown
- Allan Trench

The Board assesses the appropriateness of the nature of the amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team and that each staff member's remuneration package properly reflects that person's duties and responsibilities. The Board may, however, exercise its discretion in relation to approving incentive bonuses, options and performance rights.

The Company employed the services of remuneration consultants, Aon, during the financial year ended 30 June 2019 to benchmark the fixed and variable remuneration of key management personnel and directors but not to provide recommendations and no other work was performed. Consultancy services provided and fees paid for this work in the financial year ended 30 June 2019 was \$11,110. The Remuneration Committee assessed the remuneration of the Key Management Personnel and non-executive directors and the Board was satisfied that the Remuneration Committee recommendations were made free from undue influence from any members of the key management personnel.

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.

During the financial year ended 30 June 2019 and in line with market expectations and information provided by remuneration consultancy, Aon, the Non-Executive Chairman and Non-Executive Directors director fees were increased from \$75,000 to \$82,500 and \$55,000 to \$60,000 per annum respectively. The increases were effective from 1 April 2019. 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 on occasion received unlisted share options.

Senior Executives

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.

During the financial year ended 30 June 2019 and in line with market expectations and information provided by remuneration consultancy, Aon, the Chief Financial Officer and Company Secretary received a salary increase from \$250,000 to \$274,000 per annum and the Managing Director's remuneration was restructured, removing his \$15,000 per annum vehicle allowance and increase from his base salary from \$274,618 per annum to \$290,000 per annum exclusive of superannuation. These changes were effective from 1 April 2019. Actual remuneration paid to the Company's Senior Executives is disclosed below.

Remuneration packages contain the following key elements:

- Fixed annual remuneration (including salary, leave entitlements, post-employment benefits, ancillary benefits)
- Short term incentives (cash or equity based)
- Long term incentives (equity based)

Relationship between the remuneration policy and company performance

The Company's remuneration policy 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:

- Senior executives are 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.

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the 5 years to 30 June 2019:

	2019	2018	2017	2016	2015
Revenue (\$)	10,528,497	242,641	843,034	583,005	261,024
Net profit/(loss) before tax (\$)	272,810	(3,527,689)	(2,522,555)	(1,673,138)	(1,936,210)
Net profit/(loss) after tax (\$)	272,810	(3,527,689)	(2,522,555)	(1,673,138)	(1,936,210)
Net earnings/(loss) after tax per share (cps*)	0.02	(0.27)	(0.24)	(0.22)	(0.3)
Share price at start of year (cps*)	1.9	1.7	3.5	1.6	1.0
Share price at end of year (cps*)	1.1	1.9	1.7	3.5	1.6

* cents per share

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Remuneration of Key Management Personnel

The following table discloses the remuneration of the Directors and executives of the Company. 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:

2019	Fixed Remuneration			Variable Remuneration		Total	LTI % of remuneration
	Salary/Fees	Other benefits	Post employment benefits	Cash bonuses	Options and Performance Rights		
	\$	\$	\$	\$	\$	\$	
Directors							
C I McGown (i)	76,875	-	-	-	79,444	156,319	51%
D J Crook (ii)	278,382	83,101	25,000	23,370	162,671	572,524	28%
A Trench	51,370	-	4,880	-	46,944	103,194	45%
T W Spilsbury (iii)	53,756	-	2,494	-	46,944	103,194	45%
Total	460,383	83,101	32,374	23,370	336,005	935,231	
Executives							
T Spencer (iv)	256,000	1,424	22,620	19,500	-	299,544	0%
Total	256,000	1,424	22,620	19,500	-	299,544	0%

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

(ii) Mr Crook's 'other benefits' relates to:

- Long service leave accrued of \$54,080 during the current year.
- Fringe benefits (taxable value) of \$29,021 in relation to a Company supplied vehicle that was used during the financial year (\$4,169) and then sold to Mr Crook in November 2018 for below market price in lieu of a cash bonus for financial year 2018 (\$14,500), total permanent disability insurance paid by the Company (\$8,928) and car parking at the Company premises (\$1,424).

Mr Crook accrued a cash bonus of \$23,370 for the 2019 financial year for the following key performance indicators ("KPIs") that were met as at 30 June 2019 in relation to the Sinclair Mine:

- Exceeding the targeted production quantity of caesium oxide at the Sinclair Mine; and
- Timing of receipt of cash from sales of crushed pollucite; and
- Incurring less than the mining expenditure target.

(iii) Mr Spilsbury's fees were paid to Geoduck Pty Ltd for the period 1 July 2018 to 31 December 2018 and directly to Mr Spilsbury as an individual for the remainder of the financial year.

(iv) Mr Spencer's 'other benefits' relates to car parking at the Company premises.

Mr Spencer accrued a cash bonus of \$19,500 for the 2019 financial year for the same key performance indicators ("KPIs") that were met as at 30 June 2019 in relation to the Sinclair Mine as detailed above for Mr Crook.

2018	Fixed Remuneration			Variable Remuneration		Total	LTI % of remuneration
	Salary/Fees	Other benefits	Post employment benefits	Cash bonuses	Options		
	\$	\$	\$	\$	\$	\$	
Directors							
C I McGown (i)	75,000	-	-	-	-	75,000	0%
D J Crook	280,119	31,511	25,221	-	-	336,851	0%
A Trench	50,228	-	4,772	-	-	55,000	0%
T W Spilsbury (ii)	55,000	-	-	-	-	55,000	0%
Total	460,347	31,511	29,993	-	-	521,851	
Executives							
T Spencer (iii)	177,083	-	16,823	-	28,000	221,906	13%
P Dunbar (iv)	21,620	-	-	-	-	21,620	0%
Total	198,703	-	16,823	-	28,000	243,526	

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

(vi) Mr Spilsbury's fees were paid to Geoduck Pty Ltd.

(vii) Mr Spencer commenced employment on 17 October 2017.

(viii) Mr Dunbar ceased providing his services on 8 November 2017.

Fixed Annual Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including any employee benefits e.g. 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 employees who report directly to the Managing Director are based on the recommendation of the Managing Director, subject to review by the Remuneration Committee and approval by the Board of Directors.

Remuneration Benchmarks – Key Executives

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

Short term incentives (in cash or equity) can include hurdles 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. The Board (excluding the Managing Director) can also award a discretionary bonus in recognition of contribution to the Company's performance and other significant efforts of key executives in applicable and appropriate circumstances.

At the end of the financial year the Board assesses the actual performance of the consolidated entity and individual against the key performance indicators ("KPIs") previously set. Any awarded incentives require Board approval and, if a director is a recipient of incentive equity securities such as options or performance rights, shareholder approval is also required. During the current year, the following performance conditions were developed by the Board for its short term incentives:

- A. STI awarded - hurdles met by 30 June 2019:
 - Exceeding the targeted production quantity of caesium oxide; and
 - Timing of receipt of cash from sales of crushed pollucite; and
 - Incurring less than the mining expenditure target.
- B. STI forfeited - hurdles not met by 30 June 2019:
 - Three hurdles linked to the sale of stockpiled feldspar
 - Three hurdles linked to progressing Stage Two of the Sinclair Mine to extract lithium and industrial minerals.
 - Strategic hurdles in relation to exploration milestones in relation to the Pioneer Dome and Blair/Golden Ridge projects.

STI awarded & forfeited	Minimum	Maximum	Awarded	Awarded
	\$	\$	\$	%
A – STI awarded	-	49,466	42,870	32%
B – STI forfeited	-	85,420	-	68%
	-	134,886	42,870	100%

Key terms of employment agreements with senior executives

Element of remuneration	Summary of contractual terms
Fixed Remuneration	Refer to the above Remuneration table.
Contract duration	Indefinite subject to termination with or without cause
Notice by individual	Managing Director – 3 months Chief Financial Officer and Company Secretary – 2 months
Notice by Company	With cause – Managing Director - immediate dismissal to 6 months depending on circumstances With cause – Chief Financial Officer and Company Secretary - immediate dismissal to 4 months depending on circumstances Without cause – Managing Director – 6 months Without cause – Chief Financial Officer and Company Secretary – 4 months
Termination of employment by the Company (without cause)	STI entitlement and LTI forfeiture is assessed by the Board
Termination of employment by the Company (with cause) or by the individual	Any benefits due to the Managing Director and Chief Financial Officer / Company Secretary under the Company's STI and LTI plans except in the circumstance of a change in shareholding or control of the Company which would render the benefit unable to be conferred under ASX Listing Rule 10.18

SHARE BASED PAYMENTS TO KEY MANAGEMENT PERSONNEL

During the current year, the following share options and performance rights were granted to the directors of the Company under the Company's Employee Share Option Plan (ESOP) and Incentive Performance Rights Plan respectively.

<i>Class</i>	<i>Grant Date</i>	<i>Number</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
ESOP [#]	16-Oct-18	12,000,000	2.5 cents	31-May-20
ESOP [#]	16-Oct-18	12,000,000	3.5 cents	30-Nov-21
ESOP [#]	16-Oct-18	12,000,000	4.5 cents	30-Nov-21

[#] No vesting conditions.

<i>Class</i>	<i>Grant Date</i>	<i>Number</i>	<i>Vesting Date</i>	<i>Expiry Date</i>
Performance rights*	16-Oct-18	4,000,000	30-Jun-19	15-Oct-22

The following vesting conditions were attached to the performance rights and approved by shareholders at the annual general meeting held on 20 November 2018:

<i>Tranche</i>	<i>Performance Hurdle Condition</i>	<i>Weighting</i>
1,333,600	The Company's TSR is greater than the TSR of 75% of Peer Companies over the period 1 July 2018 to 30 June 2019	33.34%
1,333,200	The identification of total pollucite/caesium mineral resources at the Pioneer Dome Project of greater than 10,000 tonnes containing > 10% Cs2O (exclusive of the current Sinclair mineral resource estimate) by 30 June 2019	33.33%
1,333,200	The Company generates a Sinclair Mine project net profit after tax equal to or greater than \$10 million by 30 June 2019	33.33%
4,000,000		100%

* On 25 July 2019, the Company announced that pursuant to its Incentive Performance Rights, the Board of Directors determined 1,333,600 performance rights had vested as at 30 June 2019 due to the respective performance hurdle being achieved and the remainder of the performance rights totalling 2,666,400 lapsed due to the respective performance hurdles not being achieved. The Managing Director elected to convert the vested performance rights into fully paid ordinary shares post 30 June 2019.

The movement of equity instruments over shares for key management personnel in the current year was as follows:

	<i>Opening Balance</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>Expired or Cancelled during the year</i>	<i>Closing Balance</i>
Options					
C I McGown	-	9,166,666	-	-	9,916,666
D J Crook	-	16,000,000	-	-	16,000,000
A Trench	-	5,416,667	-	-	5,416,667
T W Spilsbury	-	5,416,667	-	-	5,416,667
T Spencer	3,000,000	-	-	-	3,000,000
Total Options	3,000,000	36,000,000	-	-	39,000,000
Performance Rights					
D J Crook	-	4,000,000	(1,333,600)	(2,666,400)	-

The terms and conditions of the options issued to key management personnel in the current year as stated in the above table are as follows:

<i>Grant Date</i>	<i>Vesting and exercise date</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Value as per option at grant date</i>	<i>Vested %</i>
16-Oct-18	16-Oct-18	31-May-20	2.5 cents	\$0.007	100%
16-Oct-18	16-Oct-18	30-Nov-21	3.5 cents	\$0.009	100%
16-Oct-18	16-Oct-18	30-Nov-21	4.5 cents	\$0.010	100%

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The number of shares in the Company held during the year by each key management personnel, including their related parties, are set out below:

	<i>Opening Balance</i>	<i>Granted</i>	<i>Options exercised</i>	<i>Other changes during the year</i>	<i>Closing Balance</i>
Directors					
C I McGown	12,476,189	-	-	-	12,476,189
D J Crook	12,615,767	-	-	-	12,615,767
A Trench	4,411,758	-	-	-	4,411,758
T W Spilsbury	17,295,234	-	-	-	17,295,234
Total Shares	46,798,948	-	-	-	46,768,948

No equity instruments were granted or issued to other key management personnel during the financial year ended 30 June 2019.

END OF THE REMUNERATION REPORT

The director's report is signed in accordance with a resolution of directors made pursuant to s. 298(2) of the Corporations Act 2001.



D J Crook
Managing Director
25 September 2019

The Board of Directors
Pioneer Resources Limited
72 Kings Park Rd
West Perth WA 6005

25 September 2019

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.

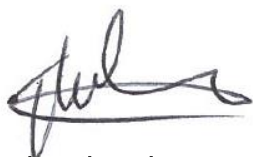
As lead audit partner for the audit of the financial statements of Pioneer Resources Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



	Note	30 June 2019 \$	30 June 2018 \$
Revenue from sale of goods	2	10,528,497	-
Cost of sales of goods	2a	(6,740,036)	-
Gross profit/(loss)		3,788,461	-
Selling costs		(842,075)	-
Other costs		(265,365)	-
Depreciation		(51,285)	(19,709)
Exploration and evaluation expenditure written off	12	(413,121)	(1,541,076)
Corporate and other expenses	3	(2,208,293)	(2,201,402)
Other income	3	421,461	-
Results from operating activities		429,783	(3,781,896)
Financial income		46,214	242,641
Financial expense		(203,187)	(8,143)
Net financing income/(expense)		(156,973)	234,498
Results from operating and financing activities		272,810	(3,527,689)
Profit/(loss) before income tax		272,810	(3,527,689)
Income tax	5	-	-
Net profit/(loss) for the year		272,810	(3,527,689)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in the fair value of Investments	8	(273,157)	3,910
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation	18	74,922	32,850
Total comprehensive profit/(loss) for the period		74,575	(3,490,929)
Basic and diluted net profit/(loss) per share attributable to ordinary equity holders	24	0.02	(0.27)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	Note	30 June 2019 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,712,885	2,771,507
Inventory	7	4,294,881	-
Other receivables	8	75,609	403,913
Other current assets		114,448	51,300
Mine properties	10	-	-
TOTAL CURRENT ASSETS		7,197,823	3,226,720
NON-CURRENT ASSETS			
Investments	8	305,705	154,171
Plant, equipment and motor vehicles	11	111,725	78,216
Capitalised mineral exploration	12	10,393,392	12,254,146
TOTAL NON-CURRENT ASSETS		10,810,822	12,486,533
TOTAL ASSETS		18,008,645	15,713,254
CURRENT LIABILITIES			
Trade and other payables	13	1,100,215	1,101,574
Provisions	15	806,075	104,405
Borrowings	14	-	-
TOTAL CURRENT LIABILITIES		1,906,290	1,205,979
TOTAL LIABILITIES		1,906,290	1,205,979
NET ASSETS		16,102,355	14,507,275
EQUITY			
Contributed equity	16	41,183,671	39,999,171
Reserves	18	207,175	885,769
Accumulated losses	19	(25,288,491)	(26,377,665)
TOTAL EQUITY		16,102,355	14,507,275

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



	Contributed Equity	Share Option Reserve	FVOCI Reserve*	Foreign Currency Translation Reserve	Accumulated Losses	Total
Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	34,332,598	1,247,262	54,726	-	(23,365,489)	12,269,097
Loss for the period	-	-	-	-	(3,527,689)	(3,527,689)
Other comprehensive loss						
Changes in fair value of investments	-	-	3,911	-	-	3,911
Exchange differences on translation of foreign operations	-	-	-	32,850	-	32,850
TOTAL COMPREHENSIVE LOSS	-	-	3,911	32,850	(3,527,689)	(3,490,928)
Transactions with owners in their capacity as owners						
Shares issued for cash during the period (net of transaction costs)	5,573,298	-	-	-	-	5,573,299
Shares issued not for cash during the period (net of transaction costs)	93,275	-	-	-	-	93,275
ESOP options issued to employees	-	62,533	-	-	-	62,533
Transfer of lapsed options to accumulated losses		(515,513)			515,513	-
Balance at 30 June 2018	39,999,171	794,282	58,637	32,850	(26,377,665)	14,507,275
Balance at 1 July 2018	39,999,171	794,282	58,637	32,850	(26,377,665)	14,507,275
Loss for the period	-	-	-	-	272,810	272,810
Other comprehensive loss						
Changes in fair value of investments	-	-	(273,157)	-	-	(273,157)
Exchange differences on translation of foreign operations	-	-	-	74,922	-	74,922
TOTAL COMPREHENSIVE LOSS	-	-	(273,157)	74,922	272,810	74,575
Transactions with owners in their capacity as owners						
Shares issued for cash during the period (net of transaction costs)	1,000,000	-	-	-	-	1,000,000
Shares issued not for cash during the period (net of transaction costs)	180,500	-	-	-	-	180,500
Options exercised	4,000	-	-	-	-	4,000
Director options issued during the year	-	336,005	-	-	-	336,005
Transfer of lapsed options to accumulated losses	-	(821,522)	-	-	821,522	-
Transfer of expired warrants in ILC transferred to accumulated losses	-	-	5,158	-	(5,158)	-
Balance at 30 June 2019	41,183,671	308,765	(209,362)	107,772	(25,288,491)	16,102,355

*Fair Value and Other Comprehensive Income Reserve.

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

For the year ended 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
Cash flows from operating activities			
Pollucite sale receipts		3,750,822	-
Interest received		56,206	62,609
Sundry income received		-	180,032
EMDG incentives received		14,709	86,250
Payments to suppliers and employees (inclusive of goods and services taxes)		(10,113,316)	(1,874,480)
Net cash flows used in operating activities	25 (b)	(6,291,579)	(1,545,589)
Cash flows from investing activities			
Payments for exploration and evaluation		(1,831,170)	(3,439,799)
R&D incentives received		370,379	-
Payments for plant and equipment		(84,794)	(57,074)
Signing fee from farm out for Novo Joint Operation		200,000	-
Net cash flows used in investing activities		(1,345,585)	(3,496,873)
Cash flows from financing activities			
Proceeds from the issue of shares		1,000,000	5,707,758
Proceeds from exercise of options		4,000	-
Proceeds from borrowings	14	6,572,641	-
Payment for transaction costs relating to the issue of shares		-	(134,459)
Net cash flows provided by financing activities		7,576,641	5,573,299
Net increase/(decrease) in cash and cash equivalents held		(60,523)	530,837
Effects of exchange rate changes on cash and cash equivalents		1,901	-
Cash and cash equivalents at the beginning of the year		2,771,507	2,240,670
Cash and cash equivalents at the end of the financial year	25 (a)	2,712,885	2,771,507

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

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" or "Group"), 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 27.

Pioneer Resources Limited is a company limited by shares, incorporated and domiciled in Australia and 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.

1.1 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 consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on the basis of historical costs and does not take into account changing money values except for investments which are carried at fair value through the fair value and other comprehensive income reserve (refer to Note 8), or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors on 25 September 2019.

1.2 New, revised or amending Accounting Standards

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers

1.2.1 AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and liabilities, de-recognition of financial instruments and impairment of financial assets.

The adoption of AASB 9 resulted in a change to the entity's accounting policies. This did not have a material impact on the recognition and measurement in the financial statements. The new accounting policies are set out below.

(a) *Impact of adoption*

(i) Classification and measurement of financial assets

On the date of initial application, 1 July 2018, the Group has applied AASB 9 using the modified retrospective method. There was no material quantitative impact on the Consolidated Entity's financial position on initial adoption. Refer below for the impact of the application of AASB 9 on the Consolidated Entity's accounting policy.

The Group has reclassified the opening balance of its financial instruments as follows:

	Measurement category		Carrying amount		
	Original (AASB 139)	New (AASB 9)	Original \$	New \$	Difference \$
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	403,913	403,913	-
Non-Current financial assets					
Equity securities	Other financial assets – Available for-sale financial assets	Investments – Fair Value Other Comprehensive Income Reserve assets	154,171	154,171	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



The impact of these changes on the Group's equity is as follows:

	Fair Value Reserve \$	Fair Value Other Comprehensive Income Reserve (FVOCI) \$	Effect on retained earnings \$
Opening balance 30 June 2018 – AASB 139	58,637	-	-
Reclassify listed available-for-sale financial assets to FVOCI	(58,637)	58,637	-
Opening balance 1 July 2018 – AASB 9	-	58,637	-

(ii) Equity investments previously classified as available-for-sale

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of \$154,171 were reclassified from available-for-sale financial assets, recognised under 'Other Financial Assets' to 'Investments' and fair value - profit of \$58,637 were reclassified from the 'Fair Value Reserve' to the 'Fair Value Other Comprehensive Income Reserve' on 1 July 2018.

(iii) Impairment of financial assets

Prior to the adoption of AASB 9, in accordance with AASB 139, the Group applied an incurred credit loss model. Upon adoption of AASB 9, the Group has elected to apply the simplified approach to measuring expected credit losses, which uses the lifetime expected loss allowance for all trade and other receivables.

(b) Revised accounting policies

Investments – Equity Instruments

Investments are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss);
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income (OCI). For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value other comprehensive income (FVOCI).

(i) Measurement

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets carried at FVPL are expensed in the profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group subsequently measures all equity investments at fair value through OCI with any gains or losses arising on remeasurement recognised in the Fair Value and Other Comprehensive Income Reserve. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These valuation techniques include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment instead the Group has elected to transfer the fair value gains and losses to retained earnings. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(ii) Impairment

The Group recognises provisions for impairment on an expected loss basis. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. Due to the nature of trade and other receivables, there were no recognised losses with the application of AASB 9.

1.2.2 AASB 15 Revenue contracts with customers

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group has adopted AASB 15 from 1 July 2018.

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to all contracts at date of initial application.

Other than the above, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

1.2.3 New Accounting Standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 – Leases

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of AASB 16 for the group will be 1 July 2019. The Group modified retrospective approach for the adoption of AASB 16. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117

AASB 16 will change how the Group, being the lessee, accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- a) Recognise right of use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognise depreciation of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent free period) will be recognised as part of the measurement of the right of use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight line basis. Under AASB 16, right of use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts. For short term leases (lease term of 12 months or less) and leases of low value assets (such as printers, personal computers and office furniture), the group will opt to recognise a lease expense on a straight line basis as permitted by AASB 16.

As at 1 July 2019, the Group has a non-cancellable office operating lease commitment of \$389,818 (see Note 22), inclusive of Group's right to extend the lease for an additional three years to 30 April 2024. The Group has not elected to early adopt AASB 16 but has conducted an assessment of the impact of the new standard and has determined that on 1 July 2019 it will bring to account a Right of Use asset of \$389,818 and corresponding lease commitments of the same amount.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

1.3 Comparative Figures

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

1.4 Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the discharge of liabilities in the ordinary course of business.

The consolidated entity incurred a net profit for the year of \$272,810 (2018: net loss \$3,527,689) and incurred net cash outflows from operating and investing activities of \$7,637,164 (2018: net cash outflows of \$5,042,462). Cash and cash equivalents totalled \$2,712,885 as at 30 June 2019.

As at 30 June 2019, the consolidated entity had a working capital surplus of \$5,291,533 (2018: \$2,020,741).

The Directors have prepared a cash flow forecast for the period ending 30 September 2020, which indicates that the consolidated entity will have sufficient cash flows to meet its commitments and working capital requirements for the 12 month period from the date of signing this financial report. The forecast includes revenue expected to be derived from the sale of pollucite inventory from the Sinclair Mine. Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate.

1.5 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').

1.6 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 has 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.

1.7 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.

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:

Capitalised Mineral Exploration

The accounting policy for exploration and evaluation expenditure is set out in Note 1.14. 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 may or 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.

Mine rehabilitation and site restoration process

The Group assesses its mine rehabilitation and site restoration provision at each balance date in accordance with accounting policy note 1.20. Significant judgement is required in determining the provision for mine rehabilitation and site restoration as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate and restore the mine sites and related assets. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the site restoration provision and asset in the period in which they change or become known.

Units of production method of amortisation

The Group amortises mine properties in production on a units of production basis over economically recoverable resources. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available resources under this method. Factors that must be considered in determining resources are the complexity of metallurgy, product prices, cost structures and future developments. When these factors change or become known in the future, such differences will impact the amortisation expense and the carrying value of mine property assets.

Determination of ore reserves and mineral resources

The Group estimates its ore reserves and mineral resources based on information compiled by competent persons in accordance with the Australian Code for Reporting of Mineral Resources and Ore Reserves December 2012 (the JORC code). Resources determined in this way are used in the calculation of amortisation and impairment charges, the assessment of mine lives and for forecasting the timing of the payment of restoration costs. When a change in estimated recoverable ore tonnes contained in proved and probable ore reserves, and where applicable, resources, is made, amortisation and depreciation is accounted for prospectively.

Impairment of mine development assets

In accordance with the Group's accounting policy set out in Note 1.16 non-current assets are assessed for impairment when there is an indication that their carrying amount may not be recoverable. The recoverable amount of each Cash Generating Unit (CGU) is determined as the higher of value-in-use and fair value less costs of disposal estimated on the basis of the discounted present value of the future cash flows (a level 3 fair value estimation method). The estimates of discounted future cash flows for each CGU are based on significant assumptions including:

- estimates of the quantities of Mineral Reserves and Resources for which there is a high degree of confidence of economic extraction and the timing of access to these Reserves and Resources;

- future production levels;
- future product prices based on market forecasts;
- future exchange rates for the Australian dollar compared to the US dollar using external forecasts by recognised economic forecasters;
- future cash costs of production, sustaining capital expenditure, rehabilitation and mine closure; and
- future cost of capital and debt for the Group's projects.

Given the nature of the Group's mining activities, future changes in assumptions upon which these estimates are based may give rise to material adjustments in future periods. This could lead to a reversal of part, or all, of the impairment charges recorded in the current or prior years, or the recognition of new impairment charges in the future.

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. In the current year, the fair value was determined by the Company using a Black-Scholes model, using the assumptions detailed in Note 16.

Use of estimates

The Directors have considered a number of factors in regard to any forward looking estimates. 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.

1.8 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 Australian entities have formed a tax consolidated group with effect from 1 July 2014.

1.9 Revenue from Contracts with Customers

The consolidated entity recognises revenue from the sale of pollucite to Sinomine Specialty Fluids ("Sinomine") under an offtake agreement signed in June 2018. For all sales of pollucite, revenue is recognised when control has transferred, being when the pollucite is transferred to the designated collection point at the Sinclair Mine ("collection point") in accordance with specified grade and volume requirements. Following notification to Sinomine that the pollucite is ready for collection Sinomine has the responsibility for the pollucite including transferring and loading the pollucite onto sea containers at the Esperance Port Facility for transportation. A receivable is recognised by the consolidated entity following transfer to the collection point as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Subsequent adjustments to the receivable are recorded once grade and volume requirements have been verified by Sinomine. There has been no impact on transition to AASB 15 due to nil revenues from operations in the comparative financial year.

1.10 Interest Income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. All revenue is stated net of the amount of goods and services tax (GST).

1.11 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.

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. The Group has only included pollucite ore as inventory as at the balance date.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

1.13 Property, plant and Equipment – recognition and measurement

Each class of property, 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.

Property, 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 and amortisation

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% |
| • Software | 40% |

1.14 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 and those exploration and/or evaluation activities 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, or
- (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (refer impairment accounting policy Note 1 (p) 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.

Any grants approved by the Government of Western Australian under the Exploration Incentive Scheme ("EIS") Co-Funded Industry Drilling Program are offset against exploration drilling expenditure incurred at the consolidated entity's approved designated project.

Exploration related government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable. This is offset against exploration expenditure incurred and capitalised.

Farm-outs – exploration and evaluation phase

The consolidated entity accounts for the treatment of farm out arrangements under AASB 6 Evaluation of Mineral Resources under these arrangements:

- The farmor will not capitalise any expenditure settled by the farmee;
- Any proceeds received that are not attributable to future expenditure are initially credited against the carrying amount of any existing E&E asset; and
- To the extent that the proceeds received from the farmee exceed the carrying amount of any E&E asset that has already been capitalised by the farmor this excess is recognised as a gain in profit or loss.

1.15 Mine Properties & amortisation of Mine Properties

Mine properties represent accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which mining has commenced or in the process of commencing. When further development expenditure is incurred in respect of mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as cost of production.

Amortisation is provided on a unit of production of basis which results in a write off of the cost proportional to the depletion of the proven and probably mineral reserves.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

1.16 Impairment of Assets

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that

generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.17 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.

1.18 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.

1.19 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.

1.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for site restoration and rehabilitation

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration and rehabilitation in respect of disturbed land is recognised when the land is disturbed.

The provision is the best estimate of the present value of the expenditure required to settle the restoration and rehabilitation obligation at the reporting date, based on current legal requirements and technology. Future restoration and rehabilitation costs are reviewed at least annually and any changes are reflected in the present value of the restoration and rehabilitation provision at the end of the reporting period. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

1.21 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.

1.22 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.

1.23 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 using the Black-Scholes 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"). At the end of each period, the entity revises its estimate of the number of options that are expected to vest based on the non-vesting market and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss and comprehensive income statement or retained earnings with a corresponding adjustment to equity.

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.

1.24 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.

1.25 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



2. REVENUE

	30 June 2019 \$	30 June 2018 \$
Revenue from contracts with customers	10,528,497	-
	10,528,497	-

The Group derives its revenue from the sale of pollucite ore at a point in time. The Group is expected to recognise the remaining revenue of the pollucite ore in the subsequent financial period.

2a. COST OF SALES

	30 June 2019 \$	30 June 2018 \$
Mining	6,183,075	-
Mine services	184,653	-
Processing	672,808	-
Camp and administrative expenses	503,134	-
Amortisation of mine development and rehabilitation asset	3,491,247	-
Change in inventory	(4,294,881)	-
	6,740,036	-

3. OTHER INCOME, CORPORATE AND OTHER EXPENSES

	30 June 2019 \$	30 June 2018 \$
Other income		
Net gain on Kangan Project Farmout Joint Operation	415,961	-
Profit on disposal of asset	5,500	-
	421,461	-
Corporate and other expenses		
Employee expenses	(1,014,711)	(602,056)
Non-executive director fees	(189,098)	(188,750)
Share based payments expense	(336,005)	(62,533)
Other expenses	(668,479)	(1,348,063)
	(2,208,293)	(2,201,402)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



4. AUDITORS' REMUNERATION

	30 June 2019 \$	30 June 2018 \$
Audit Services		
Audit and review of the consolidated entity's financial statements - Deloitte Touche Tohmatsu	31,763	33,515
Other Services		
Taxation	62,881	44,467
	94,644	77,982

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 (2017 - \$Nil).

	30 June 2019 \$	30 June 2018 \$
(a) Tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
Income tax expense	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit/(loss) from continuing operations	272,810	(3,527,689)
Tax/(benefit) at the Australian tax rate of 27.5% (2018: 30%)	75,637	(1,058,307)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments expense	92,401	18,760
Other non-deductible expenditure	-	828
Deductible capital raising costs	-	-
Non-assessable income	-	(54,010)
Unused tax losses and temporary differences (recognised)/not recognised including adjustments relating to prior years	(168,038)	1,092,729
Income tax expense	-	-

(c) Tax losses

Total tax losses for which no deferred tax asset has been recognised	39,125,661	38,412,563
Potential tax benefit at 27.5% (2018:30%)	10,759,557	11,523,769

Unrecognised Deferred Tax Assets and Liabilities at 27.5% (2018: 30%)

(d) Deferred tax assets comprise:

Capital raising costs	49,886	89,720
Other deductible temporary differences (provisions, accruals)	185,267	117,382
Tax losses available for offset against future taxable income	10,759,559	11,523,769
	10,994,712	11,730,871

Unrecognised deferred tax liabilities comprise:

Capitalised mineral exploration and evaluation expenditure	(1,953,298)	(2,689,064)
Prepayments	(21,438)	(4,443)
Other receivables	(232)	-
	(1,974,968)	(2,693,507)

Net unrecognised deferred tax asset balances

	9,019,743	9,037,364
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Total deferred tax assets

(e) Franking credits balance

The consolidated entity has no franking credits available as at 30 June 2019 (2018: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



6. CASH AND CASH EQUIVALENTS

	30 June 2019 \$	30 June 2018 \$
Cash at call	712,885	769,880
Term deposits	2,000,000	2,001,627
	2,712,885	2,771,507

7. INVENTORY

	30 June 2019 \$	30 June 2018 \$
Current		
Pollucite ore stockpiles at cost	4,294,881	-
	4,294,881	-

8. INVESTMENTS AND OTHER RECEIVABLES

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise of equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

	30 June 2019 \$	30 June 2018 \$
Non current		
Investments – Equity instruments		
Canadian listed entities ⁽¹⁾	304,505	149,822
ASX listed entities	1,200	4,350
	305,705	154,172

⁽¹⁾ During the year ended 30 June 2019, the Group entered into a farmin & joint operation agreement with Novo Resources Corp. ("Novo", TSXV: NVO.V) into the 100% owned Kangan Project located within the Pilbara of Western Australia. The consideration for farming out the project to Novo was a signing fee of \$200,000 cash and 100,000 fully paid common shares in Novo, valued at A\$4.246 per share or \$424,694 in total. As at 30 June 2019, the share price for Novo was A\$2.2967 per share valuing the investment at \$229,672.

The balance of 'Canadian listed entities' relates to shares and options issued from International Lithium Corp. (TSXV:ILC). For the full year ended, the Group held 1,250,000 shares at A\$0.0599. During the year ended 30 June 2019, 625,000 options over ILC shares expired.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. In the prior financial year, the Group had designated equity investments as available-for-sale where management intended to hold them for the medium to long-term.

Note 1.2.1 explains the change of accounting policy and the reclassification of certain equity investments from available-for-sale to at fair value through other comprehensive income.

(iii) Amounts recognised in other comprehensive income

During the full year, the following gains/(losses) were recognised in other comprehensive income.

	30 June 2019 \$	30-Jun 2018 \$
Gains/(losses) recognised in other comprehensive income	(273,157)	3,910

(iv) Fair values of other financial assets at amortised cost

Financial assets at amortised cost include the following:

	30 June 2019 \$	30-Jun 2018 \$
Current – Other receivables		
Trade and other receivables	75,609	403,913
	75,609	403,913

Due to the short term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value. Expected credit losses on trade and other receivables for the year ended 30 June 2019 are immaterial.

9. CONTROLLED ENTITIES

Pioneer Resources Limited is the parent entity.

Name of Controlled entity	Place of incorporation	Equity Holding	
		2019	2018
Western Copper Pty Ltd	Australia	100%	100%
Golden Ridge North Kambalda Pty Ltd	Australia	100%	100%
Pioneer Canada Lithium Corp.	Canada	100%	100%

10. MINE PROPERTIES

	30 June 2019 \$	30 June 2018 \$
Balance at the beginning of the year	-	-
<u>Rehabilitation asset</u>		
Additions	627,800	-
Amortisation	(627,800)	-
Impairment	-	-
<u>Mine development</u>		
Transfers from capitalised mineral exploration	2,796,210	-
Amortisation	(2,796,210)	-
Impairment	-	-
Balance at the end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



11. PLANT AND EQUIPMENT AND MOTOR VEHICLES

	30 June 2019 \$	30 June 2018 \$
Plant and office equipment		
At cost	188,003	166,823
Accumulated depreciation	(158,214)	(139,964)
	<u>29,789</u>	<u>26,859</u>
Computer equipment		
At cost	194,217	186,376
Accumulated depreciation	(182,320)	(176,006)
	<u>11,897</u>	<u>10,370</u>
Software		
At cost	68,150	41,755
Accumulated depreciation	(20,989)	(768)
	<u>47,161</u>	<u>40,987</u>
Motor vehicles		
At cost	160,100	178,476
Accumulated depreciation	(137,222)	(178,476)
	<u>22,878</u>	<u>-</u>
Total	<u>111,725</u>	<u>78,216</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	26,859	36,699
Additions	21,180	6,561
Disposals	-	-
Depreciation	(18,250)	(16,401)
Carrying amount at the end of the year	<u>29,789</u>	<u>26,859</u>

Computer equipment

Carrying amount at beginning of the year	10,370	4,150
Additions	7,841	8,758
Disposals	-	-
Depreciation	(6,314)	(2,538)
Carrying amount at the end of the year	<u>11,897</u>	<u>10,370</u>

Software

Carrying amount at beginning of the year	40,987	-
Additions	26,395	41,755
Disposals	-	-
Depreciation	(20,221)	(768)
Carrying amount at the end of the year	<u>47,161</u>	<u>40,987</u>

Motor vehicles

Carrying amount at beginning of the year	-	-
Additions	29,378	-
Disposals	-	-
Depreciation	(6,500)	-
Carrying amount at the end of the year	<u>22,878</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



12. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2019 \$	30 June 2018 \$
Non-current		
<i>In the exploration and evaluation phase</i>		
Opening balance at 1 July	12,254,146	10,088,731
Expenditure for the period	1,847,231	3,706,491
R&D incentives received during the period	(370,379)	
Foreign currency translation - Mavis lake	80,458	-
Transfer to mine properties	(2,796,210)	-
Farmin arrangement for Kangan JV – carrying value transferred to profit/(loss)	(208,733)	-
Exploration expenditure written off	(413,121)	(1,541,076)
	10,393,392	12,254,146

The recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

Exploration write-downs totalled \$413,121 which related primarily to the write-down of costs pertaining to tenements surrendered during the year.

13. TRADE AND OTHER PAYABLES

Current (Unsecured)

	30 June 2019 \$	30 June 2018 \$
Trade creditors	353,518	697,712
Other creditors and accruals	746,697	403,862
	1,100,215	1,101,574

14. BORROWINGS

	30 June 2019 \$	30 June 2018 \$
Current		
Loan advance from offtaker	-	-
	-	-

On 20 June 2018, the Group entered into a binding offtake agreement and loan facility agreement to buy 100% of the pollucite ore extracted from the Sinclair Mine. The agreement included an interest free loan of U\$4.8 million (converted to \$A 6,572,641) which was drawn down in August 2018 and used to fund the development of the Sinclair Mine. The loan was settled in full in April 2019 by the sale of DSO pollucite from the Sinclair Mine and the security over the Group's assets as per the loan agreement was discharged.

15. PROVISIONS

	30 June 2019 \$	30 June 2018 \$
Current		
Employee entitlements	178,275	104,405
Rehabilitation provision	627,800	-
	806,075	104,405
Non-current		
Employee entitlements	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



Carrying amount at the start of the year	104,405	143,574
Movement during the year:		
- Employee entitlements	73,870	(39,000)
- Rehabilitation provision ⁽¹⁾	627,800	-
Carrying amount at end of the year	806,075	104,405

⁽¹⁾ Rehabilitation provision – The provision for rehabilitation of the Sinclair Mine Site is an estimation of work to be carried out such as earthmoving, removal of facilities and restoring of affected areas. The provision represents the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs will be reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date. The provision was reduced from \$1,700,840, recorded at 31 December 2018, due to a reassessment undertaken subsequent to the completion of mining activities.

	30 June 2019	30 June 2018
	\$	\$
Number of full time employees at year end	5	5

16. EQUITY

(a) Ordinary Shares – fully paid

	30 June 2019	30 June 2018
	No. on issue	No. on issue
	1,507,425,165	1,448,502,009
	\$	\$
	41,183,671	39,999,171

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 per share, either in person or by proxy, at a meeting of the Company.

(b) Share Movements During the Year

	30 June 2019		30 June 2018	
	No. of Shares	\$	No. of Shares	\$
Beginning of the financial year	1,448,502,009	39,999,171	1,037,732,328	34,332,598
Share issues during the year				
Placement	-	-	92,857,140	1,300,000
Share purchase plan	-	-	312,363,663	4,373,091
Share based payments (i)	5,543,478	122,500	4,215,544	93,275
Exercise of options (ii)	66,666	4,000	1,333,334	34,667
Share issue for acquisition of Cessna prospect (iii)	3,313,012	58,000	-	-
Share issue to Novo Resources Corp. (iv)	50,000,000	1,000,000	-	-
Less: Share issue costs	-	-	-	(134,459)
	1,507,425,165	41,183,671	1,448,502,009	39,999,171

During the financial year ended 30 June 2019, the Group had the following ordinary shares issued:

(i) Share based payments

- On 3 July 2018, the Company issued 2,173,913 shares to International Lithium Corp at an issue price of \$0.023 per share in accordance with the Mavis Lake Heads of Agreement entered into between the Parties dated 21 June 2016. On the same day, the Company issued 869,565 shares to Ngadju Native Title Aboriginal Corporation at an issue price of \$0.023 per share in accordance with the Mining Agreement entered into between the Parties dated 28 October 2017.
- On 31 August 2018, the Company issued 2,500,000 shares to International Lithium Corp at an issue price of \$0.021 per share as part of a variation agreement to satisfy earning 51% of the Mavis Lake Lithium Project, triggering commencement of the joint venture phase.

(ii) Exercise of options

On 2 August 2018, the Company issued 66,666 shares upon exercise of options at a price of \$0.06 per share.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



(iii) *Share issue to Milford Resources Pty Ltd*

On 26 March 2019 the Company issued 3,313,012 ordinary shares at an issue price of 1.75 cents each to Milford Resources Pty Ltd for the acquisition of the Cessna prospect.

(iv) *Share issue to Novo Resources Corp.*

On 1 October 2018, the Company issued 50,000,000 shares to Novo Resources Corp as a placement at an issue price of \$0.02 per share in accordance with a binding agreement entered into between the parties on or about 18 September 2018.

(c) Options and performance rights

	Opening Balance	Granted in year	Exercised in year	Expired/Cancelled in year	Closing Balance
Listed options					
Exercisable at \$0.06 on or before 31 July 2018	44,339,669	-	(66,666)	(44,273,003)	-
Total listed options	44,339,669	-	(66,666)	(44,273,003)	-
Unlisted options					
Exercisable at 2.6 cents on or before 27/10/20	2,233,333	-	-	-	2,233,333
Exercisable at 5 cents on or before 27/10/20	2,233,333	-	-	-	2,233,333
Exercisable at 7.5 cents on or before 27/10/20	2,233,333	-	-	-	2,233,333
Exercisable at 5.4 cents on or before 04/09/18	3,270,400	-	-	(3,270,400)	-
Exercisable at 6 cents on or before 31/07/18	6,000,000	-	-	(6,000,000)	-
Exercisable at 2.5 cents on or before 30/05/20	-	12,000,000	-	-	12,000,000
Exercisable at 3.5 cents on or before 30/11/21	-	12,000,000	-	-	12,000,000
Exercisable at 4.5 cents on or before 30/11/22	-	12,000,000	-	-	12,000,000
Total unlisted options	15,970,399	36,000,000	-	(9,270,400)	42,699,999
Performance rights					
Vested on or before 30/6/19*	-	4,000,000	-	(2,666,400)	1,333,600
Total Performance rights	-	4,000,000	-	(2,666,400)	1,333,600
Total options and performance rights	60,310,068	40,000,000	(66,666)	(56,209,803)	44,033,599

* On 25 July 2019, the Company announced that pursuant to its Incentive Performance Rights Plan, the Board of Directors determined 1,333,600 performance rights had vested as at 30 June 2019 due to the respective performance hurdle being achieved and the remainder of the performance rights totalling 2,666,400 lapsed due to the respective performance hurdles not being achieved. The Managing Director elected to convert the vested performance rights into fully paid ordinary shares post 30 June 2019.

17. 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.

17.1 Options over unissued shares

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

	2019 No.	2019 Weighted average exercise price (cents)	2018 No.	2018 Weighted average exercise price (cents)
Outstanding at the beginning of the year	60,310,068	5.9	99,610,069	13
Granted during the year	36,000,000	3.15	6,699,999	5.0
Exercised during the year	(66,666)	6.0	(1,333,334)	(2.6)
Expired/cancelled during the year	(53,543,403)	5.7	(44,666,666)	(5.8)
Outstanding at the end of the year	42,699,999	3.68	60,310,068	5.9
Exercisable at the end of the year	42,699,999	3.68	60,310,068	5.9

The average remaining contractual life for the share options outstanding as at 30 June 2019 is between 0.9 years and 3.4 years (2018: 0.08 years and 2.3 years).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



The range of exercise prices for options outstanding at the end of the year was 2.5 cents and 7.5 cents. (2018: 2.6 cents and 6 cents).

The fair value of options granted during the year ended 30 June 2019 was \$312,000 (30 June 2018: \$62,533).

The fair value of unlisted options issued has been determined using a Black & Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the non-tradeable nature of the options, the share price at grant date and expected price volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the options.

Item	Unlisted Options	Unlisted Options	Unlisted Options
Underlying security share price	\$0.018	\$0.018	\$0.018
Exercise price	0.025	0.035	0.045
Grant date	16/10/2018	16/10/2018	16/10/2018
Expiry date	31/05/2020	30/11/2021	30/11/2022
Days to expiry	593	1,141	1,506
Number of options issued	12,000,000	12,000,000	12,000,000
Volatility	101.86%	101.86%	101.86%
Risk-free interest rate	2.09%	2.09%	2.09%
Valuation per option	\$0.007	\$0.009	\$0.010
Value per option class	\$84,000	\$108,000	\$120,000

Item	Unlisted Options	Unlisted Options	Unlisted Options
Underlying Security spot price	\$0.02	\$0.02	\$0.02
Exercise Price	\$0.026	\$0.05	\$0.075
Grant Date	27 October 2017	27 October 2017	27 October 2017
Expiration date	27 October 2020	27 October 2020	27 October 2020
Life of Options (years)	3.0	3.0	3.0
Volatility	101%	101%	101%
Risk Free Rate	1.66%	1.66%	1.66%
Number of Options	2,233,333	2,233,333	2,233,333
Valuation per Option	\$0.012	\$0.009	\$0.007
Valuation per Class	\$26,800	\$20,100	\$15,633

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 21 November 2017.

The Plan allows the Company to issue options for no consideration 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. All options refer to options over ordinary shares of Pioneer Resources Limited, which are exercisable on a one for one basis.

17.2 Performance rights

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

	2019 No.	2019 Weighted average exercise price (cents)	2018 No.	2018 Weighted average exercise price (cents)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	4,000,000	-	-	-
Exercised during the year	-	-	-	-
Expired/cancelled during the year	(2,666,400)	-	-	-
Outstanding at the end of the year	1,333,600	-	-	-
Exercisable at the end of the year	1,333,600	-	-	-

The fair value of performance rights granted during the year ended 30 June 2019 was \$72,000 (30 June 2018: \$nil) and \$47,995 had been cancelled during the year. The remaining fair value of \$24,005 had vested as at 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



The Company has in place an Incentive Performance Rights Plan (approved by shareholders on 21 November 2017) which is a long term incentive plan ("LTIP") and under the LTIP the Board may issue performance rights to employees and directors. A performance right is a right to be issued an ordinary share upon the satisfaction of certain performance conditions that are attached to the performance right, the conditions of which are determined by the Board.

Performance rights are granted for no consideration and the term of the performance rights are determined by the Board in its absolute discretion but will ordinarily have a three year term up to a maximum of five years. Performance rights are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated. There is no ability to re-test performance under the LTIP after the performance period. The fair value of performance rights has been calculated at the grant date and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of fair value of the rights allocated to this reporting period.

18. RESERVES

Option Reserve	30 June 2019	30 June 2018
	\$	\$
Opening balance	794,282	1,247,262
Options issued during the year	384,000	62,533
Options exercised during the year	-	-
Transfer of lapsed options to accumulated losses	(821,522)	(515,313)
Lapsed/cancelled options or performance rights	(47,995)	-
Closing balance	308,765	794,282

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).

Fair Value and Other Comprehensive Income (FVOCI) Reserve	30 June 2019	30 June 2018
	\$	\$
Opening balance	58,637	54,726
Fair value adjustment recognised during the year	(267,999)	3,911
Closing balance	(209,362)	58,637

The FVOCI Reserve arises on the valuation of investment assets comprising Novo Resources Corp. shares, International Lithium Corp common shares and shares in Bass Metals Limited.

Foreign currency translation reserve	30 June 2019	30 June 2018
	\$	\$
Opening balance	32,850	-
Foreign currency translation during the year	74,922	32,850
Closing balance	107,772	32,850

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

19. ACCUMULATED LOSSES

	30 June 2019	30 June 2018
	\$	\$
Accumulated losses at the beginning of the year	(26,377,665)	(23,365,489)
Net profit/(loss) attributable to members	272,810	(3,527,689)
Transfer from share option reserve re: expired options	821,522	515,513
Transfer from fair value and other comprehensive income reserve – de-recognition of investment	(5,158)	-
Accumulated losses at the end of the year	(25,288,491)	(26,377,665)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



20. THIRD PARTY INTERESTS

Agreements have been entered into with third parties, whereby those third parties have earned an interest or potentially 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 third party interest operations or through project acquisition and the requirement to fund, if all its obligations are fulfilled are as follows:

Project	Third Party Partner or Third Party Holder	Third Party Participating Equity at 30 June 2019
Acra (Gold)	Northern Star Limited ("NST")	NST hold a 75% interest. Ardea Resources Limited retains 100% of the nickel laterite rights on E27/278, E27/520, E28/1746.
Kangan (Gold)	Novo Resources Corp. ("NOV")	NOV may earn a 70% interest (excluding lithium and related minerals)
Balagundi (Gold)	Black Cat Syndicate Limited ("BCS")	BCS may earn a 75% interest.
Larkinvile (Gold/Nickel)	Maximus Resources Limited	75% on gold minerals and 80% on nickel minerals
Wattle Dam (Gold/Nickel)	Maximus Resources Limited	100% on gold minerals and 80% on nickel minerals
Cessna (Nickel)	Milford Resources Pty Ltd ("Milford")	Pioneer may earn an 80% interest
Maggie Hays Hill (Nickel)	Poseidon Nickel Ltd	80% all minerals
Fairwater (Nickel)	National Minerals Pty Ltd ("NM")	NM 25% free carried interest
Ravensthorpe (Royalty)	ACH Minerals Pty Ltd (ACH")	100% (Group retains a royalty)
Ravensthorpe (Royalty)	Galaxy Lithium Australia Limited ("GXY")	GXY 100% lithium & tantalum on E74/379, E74/399 & E74/406. ACH all other minerals. Group retains a royalty.

There are no assets owned by the third party partner or holder and the Group's expenditure in respect of its participation is brought to account initially as capitalised exploration and evaluation expenditure under the Group's accounting policy in Note 1.14.

There were no capital commitments or contingent liabilities arising out of the Group's third party interest activities as at 30 June 2019.

21. 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 arranges analysis of comparative companies and obtains independent advice from time to time 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.

There were no loans made to any Directors at 30 June 2019 (30 June 2018: \$Nil).

Other Director Related Party Transactions

During the current year payments totalling \$4,188 (30 June 2018: \$1,200) were paid as employee expenses and superannuation for mining operational assistance work undertaken by the Managing Director's son (2018: one son) as well as the Chief Financial Officer / Company Secretary's son (2018: nil). 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 or the Chief Financial Officer / Company Secretary.

(b) Loans from Pioneer Resources Ltd (parent entity)

Loans from the Company were to its wholly-owned controlled entities, Western Copper Pty Ltd, Golden Ridge North Kambalda Pty Ltd and Pioneer Canada Lithium Corp. Refer Note 9 for further details.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



Pioneer Resources Limited (the parent entity) has loan balances with Western Copper Pty Ltd of \$3,447,270 (2018: \$3,441,848), Golden Ridge North Kambalda Pty Ltd of \$7,217,502 (2018: \$6,818,743) and Pioneer Canada Lithium Corp. \$1,315,480 (2018: \$1,432,664). The loans are in relation to funding the respective subsidiary company's exploration undertakings. These loans are non-interest bearing and the lender determines when these loans are repayable.

There were no other related party transactions during the year.

22. EXPENDITURE COMMITMENTS

(a) Exploration

The consolidated entity has certain obligations to perform minimum exploration work on mineral leases held. 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 \$650,000 (2018: \$759,750). These obligations are 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 \$1,300,600 (2018: \$1,210,500).

(b) Operating Lease Commitments

	30 June 2019 \$	30 June 2018 \$
Total operating lease expenditure contracted for at balance date but not provided for in the consolidated financial statements, payable:		
Not later than one year	148,629	146,197
Later than one year and no later than five years	79,093	172,469
	227,722	318,666

The operating lease relates to the Company's registered office premises in Perth, regional premises in Kalgoorlie and Norseman and a multifunction printer. The Perth office operating lease is for a prescribed period expiring on 30 April 2021. During the term of the operating lease the rent is reviewed annually on each successive anniversary date. The annual lease is currently \$88,333. The Kalgoorlie premises operating lease is not for a prescribed fixed period but is rolling on a monthly basis at a monthly fee of \$3,109. The Norseman premises is not for a prescribed fixed period but is rolling on a fortnightly basis with 21 days' notice required for termination. The fortnightly rent is \$700.

(c) Capital Commitments

There were no ongoing capital commitments as at the current year end (30 June 2018: nil).

23. 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 two segments being Australia and Canada and these are treated as discrete segments. Detailed information on the segments is as follows:

Year ended 30 June 2019	Australia \$	Canada \$	Total \$
Revenue	10,528,497	-	10,528,497
Operating loss before tax	(10,253,453)	(2,235)	(10,255,688)
Income tax	-	-	-
Net profit/(loss) after tax	275,044	(2,235)	272,810
Segment assets	16,754,053	1,254,592	18,008,645
Segment liabilities	1,906,920	-	1,906,290
Year ended 30 June 2018	Australia \$	Canada \$	Total \$
Revenue	242,641	-	242,641
Operating loss before tax	(3,356,594)	(171,095)	(3,527,689)
Income tax	-	-	-
Net loss after tax	(3,356,594)	(171,095)	(3,527,689)
Segment assets	14,401,821	1,311,433	15,713,254
Segment liabilities	1,193,635	12,344	1,205,979

24. 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:

	30 June 2019 \$	30 June 2018 \$
Earnings/(loss) used in calculating basic and diluted earnings/(loss) per share	272,810	(3,527,689)
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	1,491,907,013	1,326,043,142
Basic earnings/(loss) per share - cents per share	0.02	(0.27)
<i>Effect of dilutive securities</i>		
Share options and performance rights*	1,333,600	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	1,492,848,593	1,326,043,142
Diluted earnings/(loss) per share - cents per share	0.02	(0.27)

Non-dilutive securities

As at balance date, 42,699,599 options (30 June 2018: 60,310,068 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



25. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and Cash Equivalents

	30 June 2019 \$	30 June 2018 \$
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	33	189
Cash at bank	712,851	769,691
Deposits at call	2,000,000	2,001,627
	2,712,885	2,771,507

(b) Reconciliation of the profit/(loss) from ordinary activities after income tax to the net cash flows used in operating activities

	30 June 2019 \$	30 June 2018 \$
Loss from ordinary activities after income tax	272,810	(3,527,689)
<i>Non-cash items:</i>		
Depreciation	3,542,531	19,709
Unrealised foreign exchange loss	203,186	-
Exploration written off	413,121	1,541,076
Share-based payments expense	336,005	62,533
Repayment of borrowings	(6,739,733)	-
Unpaid royalties	550,803	-
Net gain on Kangan Project Farm out & JO Agreement	(221,461)	-
<i>Change in operating assets and liabilities:</i>		
Decrease/(increase) in prepayments	(215,583)	(8,078)
Decrease/(increase) in inventory	(4,294,881)	
Decrease/(increase) in receivables	(63,148)	44,856
Increase/(decrease) in current payables	(1,359)	361,173
Increase/(decrease) in provisions	(73,870)	(39,169)
Net cash outflows used in operating activities	(6,291,579)	(1,545,589)

(c) Stand-By Credit Facilities

As at 30 June 2019 the Company has a business credit card facility available totalling \$30,000 (2018: \$30,000) of which \$14,957 (2018: \$7,797) was utilised.

(d) Non-Cash Financing and Investing Activities

On 20 June 2018, the Group entered into a binding offtake and loan facility agreement to sell 100% of the pollucite extracted from the Sinclair Mine and to provide the Group with a loan towards developing the Sinclair Mine. The US\$4.8 million loan was interest free and drawn down in August 2018 (converted to \$A 6,572,641). It was settled in full in April 2019 by the sale of DSO pollucite from the Sinclair Mine (i.e. the loan was not settled by cash but by offsetting against the sales receivable) and loan securities over the Group's assets were discharged.

During the financial year ended 30 June 2019, the Company had no non-cash financing or investing activities, other than the above mentioned loan facility.

26. 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 and 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 exposure to price risk.

Primary responsibility for identification and control of financial risks rests with the Managing Director and the Chief Financial Officer, 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

	30 June 2019 \$	30 June 2018 \$
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	2,712,885	2,771,507
Other receivables	75,608	403,913
<i>Investments in equity instruments designated as at FVOCI</i>		
Investments	305,705	154,172
Total Financial assets	3,094,198	3,329,592
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	1,100,215	1,101,574
Total Financial liabilities	1,993,983	2,228,018

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



2019	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 plus years	No fixed term	Total
	\$	\$	\$	\$	\$	\$	\$
Financial Assets							
<i>Financial assets at amortised cost</i>							
Non-interest bearing	75,608		-	-	-	-	75,608
Variable interest rate	712,885		-	-	-	-	712,885
Variable interest rate	-	-	-	-	-	-	-
Fixed interest rate	-	2,000,000	-	-	-	-	2,000,000
<i>Investments in equity instruments designated as at FVOCI</i>							
Investments	-	-	-	-	-	305,705	305,705
Total Financial Assets	788,493	2,000,000	-	-	-	305,705	3,094,198

2019	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 plus years	No fixed term	Total
	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities at amortised cost							
Non-interest bearing	1,100,215	-	-	-	-	-	1,100,215
Variable interest rate	-	-	-	-	-	-	-
Fixed interest rate	-	-	-	-	-	-	-
Total Financial Liabilities at amortised cost	1,100,215	-	-	-	-	-	1,100,215

2018	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	609,385	-	-	-	-	-	609,385
Variable interest rate	769,880	-	-	-	-	-	769,880
Variable interest rate	-	2,001,627	-	-	-	-	2,001,627
Fixed interest rate	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	154,171	154,171
Total Financial Assets	1,379,265	2,001,627	-	-	-	154,171	3,535,063
Financial Liabilities							
Non-interest bearing	1,101,574	-	-	-	-	-	1,101,574
Variable interest rate	-	-	-	-	-	-	-
Fixed interest rate	-	-	-	-	-	-	-
Total Financial Liabilities	1,101,574	-	-	-	-	-	1,101,574

(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 Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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. The credit risk on liquid funds is limited because the counterparties are 'Big Four' Australian banks.

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 expected credit losses, as disclosed in the statement of financial position and in the notes to the financial statements. Concerning pollucite sales, the offtaker is contractually required to settle deliveries of product before they are exported.

(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 other than unused balances on company credit cards. Trade and other payables, the only financial liability of the consolidated entity, are due within 3 months.

During the financial year end 30 June 2019, the Group was potentially subject to commodity price risk for the sale of its pollucite ore. However the risk was mitigated by the offtake agreement containing a fixed price scale in US dollars based on the product's caesium oxide grade.

At the present state of the consolidated entity's operations it has 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 Group includes a wholly owned Canadian subsidiary. This Canadian subsidiary has a limited number of suppliers that invoice in foreign currencies and therefore foreign exchange risk is minimal. On 20 June 2018, the Group entered into an offtake and loan facility agreement where the offtake partner advanced US\$4,800,000 to fund the mining activities at the Sinclair Mine. The offtake agreement resulted in sales denominated in U.S. dollars. During the financial year ended 30 June 2019, the funds for the loan advance and cash receipt sales were received in U.S. dollars and converted into Australian dollars, removing the exchange risk. The loan was repaid by the delivery of product (priced in U.S. dollars) from the Sinclair Mine.

(e) Price Risk on Investments

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group's investments are listed on the Australian Securities Exchange ("ASX") and Toronto Stock Exchange Venture ("TSXV").

Sensitivity

The sensitivity analyses below has been determined based on the exposure to equity price risks at the balance date. The table below summarises the impact of increases/decreases if the investment's share price had increased or decreased by 10% with all other variables held constant, and that the Group's equity instrument moved in line with the indexes.

	Impact on other components of equity	Impact on other components of equity
	2019	2018
	\$	\$
TSXV index – increase 10%	30,451	14,982
TSXV index – decrease 10%	(30,451)	(14,982)
ASX index – increase 10%	120	435
ASX index – decrease 10%	(120)	(435)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as FVOCI.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



27. PARENT COMPANY

(a) Financial Position

	30 June 2019 \$	30 June 2018 \$
Assets		
Total current assets	7,192,356	3,083,954
Total non-current assets	10,905,003	12,762,795
Total Assets	18,097,359	15,846,749
Liabilities		
Total current liabilities	1,906,290	1,194,959
Total non-current liabilities	-	(5,074)
Total Liabilities	1,906,290	1,189,885
Net Assets	16,191,069	14,656,864
Equity		
Issued capital	41,183,671	39,999,171
Reserves	99,404	852,919
Accumulated losses	(25,092,006)	(26,195,226)
Total Equity	16,191,069	14,656,864
Profit/(loss) for the year	286,857	(3,340,587)
Other comprehensive income	(267,998)	-
Total comprehensive profit/(loss) for the year	18,859	(3,340,587)

(b) Guarantees entered into by the Parent

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

(c) Contingent liabilities of the Parent

Pioneer Resources Limited's contingent liabilities are consistent with those disclosed in Note 28.

(d) Capital commitment of the Parent

Pioneer Resources Limited's capital commitments are disclosed in Note 22.

28. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the financial statements of the consolidated entity as at 30 June 2019 other than:

Native Title and Aboriginal Heritage

A Native Title claim has been made with respect to areas that include one tenement that the Group has under application to be granted as part of its Kangan Gold Project. In respect of claim area, the Group 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 Group or its projects.

Agreement has been reached with the Ngadju Native Title Aboriginal Corporation ("NNTAC") covering an area that includes the Pioneer Dome Project. The agreement obliges the Group to pay royalties to NNTAC on commercial minerals sold (ranging between 0.5% and 0.75% of sales value) and periodic payments of \$50,000 per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019



29. EVENTS SUBSEQUENT TO BALANCE DATE

In September 2019 as a result of a further stockpile review, the Company decreased its estimate of saleable crushed pollucite inventory, resulting in a reduction of expected total sales from \$20 million to \$17 million. Please note that \$10.5 million has been recognised during the financial year ended 30 June 2019 and the reduction in sales has not resulted in a write down of inventory.

In September 2019, the Company reported the first assays results from its maiden drilling program at the Dome North Lithium prospect located in the northern area of the Pioneer Dome Project in Western Australia. The prospect is now considered by the Company to contain significant lithium bearing spodumene deposit and will be subject to further exploration activities during the 2020 financial year.

No other matter or circumstances has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

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

- (a) the financial statements and notes, set out on pages 15 to 47, 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 2019 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 2019.

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



D J Crook
Managing Director

25 September 2019

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pioneer Resources Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of capitalised exploration and evaluation expenditure	
<p>As at 30 June 2019 the Group has \$10.4m of capitalised exploration expenditure as disclosed in Note 10.</p> <p>Significant judgement is applied in determining the treatment of exploration and evaluation expenditure including:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether the facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. 	<p>Our procedures included, but were not limited:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's process to evaluate the carrying value of capitalised mineral exploration assets; • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date and challenging management's consideration of the ability to recoup the capitalised costs through future development or sale of the area of interest; • Evaluating whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Testing on a sample basis, evaluation expenditure to confirm the nature of the costs incurred, and the appropriateness of the classification between asset and expense; • Assessing whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the appropriateness of the disclosures in Note 10 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 13 of the Director's Report for the year ended 30 June 2019.

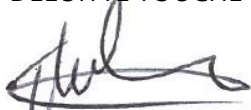
In our opinion, the Remuneration Report of Pioneer Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



John Sibenaler

Partner

Chartered Accountants

Perth, 25 September 2019

The following additional information is required by the Australian Securities Exchange. The information was current as at 23 September 2019.

(a) Distribution schedule and number of holders of equity.

	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)	180	138	156	1,927	1,773	4,184
Unlisted Options – 2.6c 27/10/20	3	-	-	-	-	3
Unlisted Options – 5c 27/10/20	3	-	-	-	-	3
Unlisted Options – 7.5c 27/10/20	3	-	-	-	-	3
Unlisted Options – 2.5c 30/05/20	4	-	-	-	-	4
Unlisted Options – 3.5c 30/11/21	4	-	-	-	-	4
Unlisted Options – 4.5c 30/11/22	4	-	-	-	-	4

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 23 September 2019 was 1,023 (holding 11,951,869 shares).

(b) 20 Largest Holders of Quoted Equity

Fully Paid Ordinary Shares (ASX:PIO)

Rank	Name	Shares	% of Total Shares
1	BEATONS CREEK GOLD PTY LTD	50,000,000	3.31%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	38,414,591	2.55%
3	XSTRATA NICKEL AUSTRALASIA INVESTMENTS PTY LTD	21,396,935	1.42%
4	CITICORP NOMINEES PTY LIMITED	21,071,526	1.40%
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	20,714,253	1.37%
6	BASILDENE PTY LTD <WARREN BROWN SUPER FUND A/C>	16,705,518	1.11%
7	MR MARK KEVIN PROCTOR	15,328,038	1.02%
8	RAFE PTY LTD <THE TOMASICH SUPER FUND A/C>	14,000,000	0.93%
9	MR THOMAS WAYNE SPILSBURY & MRS MARCEY EVA SPILSBURY <TIGER SUPER FUND A/C> (1)	13,902,379	0.92%
10	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	10,438,610	0.69%
11	MR HSIN WEI WU	10,429,825	0.69%
12	IONIKOS PTY LTD <MCGOWN SUPER FUND A/C> (2)	10,409,523	0.69%
13	MR CHRISTOPHER ALLAN EAGLESHAM	10,388,888	0.69%
14	MONEX BOOM SECURITIES (HK) LTD	10,335,259	0.69%
15	CLAYMORE INVESTMENTS PTY LTD <WALDECK S/F A/C>	10,000,000	0.66%
15	MR PETER SARANTZOUKLIS	10,000,000	0.66%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,703,666	0.58%
17	MR TERENCE MERVYN RISBY & MRS DAWN LILLIAN RISBY <RISBY FAMILY SUPER FUND A/C>	8,071,528	0.54%
18	MR WARREN THOMAS BROWN & MRS ROSLYN UNA BROWN <WT & RU BROWN FAMILY A/C>	8,017,500	0.53%

Rank	Name	Shares	% of Total Shares
19	WIP FUNDS MANAGEMENT PTY LTD <PORTER FAMILY S/F A/C>	8,000,000	0.53%
20	MR DAVID JOHN CROOK & MRS JENNIFER ANNE CROOK <PARKWAY SUPER FUND A/C> (3)	7,803,913	0.52%
	TOTAL	324,131,952	21.48%

- (1) Beneficial owner is Non-Executive Director of the Company, Thomas Wayne Spilsbury, who has a total shareholding of 17,295,234.
 (2) Beneficial owner is Non-Executive Chairman of the Company, Craig McGown, who has a total shareholding of 12,476,189.
 (3) Beneficial owner is Managing Director of the Company, David Crook, who has a total shareholding of 12,615,767.

Stock Exchange Listing – Listing has been granted for 1,508,758,756 fully paid shares (PIO) of the Company on issue on the Australian Securities Exchange.

Unquoted securities on issue are detailed below in Section (d) below.

(c) Substantial Shareholders

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

(d) Unquoted Securities

Issued To	Number of Options Granted	Exercise Price per Option	Expiry Date
Staff	2,233,333	2.6 cents	27-October 2020
Staff	2,233,333	5.0 cents	27-October 2020
Staff	2,233,333	7.5 cents	27-October 2020
Directors	12,000,000	2.5 cents	30-May-2020
Directors	12,000,000	3.5 cents	30-November-2021
Directors	12,000,000	4.5 cents	30-November-2022
Total	42,699,999		

(e) Restricted Securities

There were no restricted securities on issue.

(f) Voting Rights

Fully paid ordinary shares carry one vote per ordinary share without restriction. No other securities have voting rights.

(g) Company Secretary

The Company Secretary is Mr Timothy Spencer.

(h) Registered Office

The Company's Registered Office Ground floor, 72 Kings Park Road, West Perth, Western Australia 6005.

(i) Share Registry

The Company's Share Registry is Automic Group, Level 2, 267 St Georges Terrace, Perth, Western Australia, 6000. Telephone: 1300 288 664 or +61 2 9698 5414

(j) On-Market Buy-back

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

Tenement Schedule (Consolidated Basis)			
Tenement	Holder	Notes	Status
Golden Ridge Nickel Project Located 30km SE of Kalgoorlie, WA			
E26/186	Golden Ridge North Kambalda Pty Ltd	1	Granted
E26/211	Golden Ridge North Kambalda Pty Ltd	1	Granted
M26/220	Golden Ridge North Kambalda Pty Ltd	1	Granted
M26/222	Golden Ridge North Kambalda Pty Ltd	1, 11	Granted
M26/284	Golden Ridge North Kambalda Pty Ltd	1, 11	Granted
M26/285	Golden Ridge North Kambalda Pty Ltd	1, 11	Granted
L26/272	Golden Ridge North Kambalda Pty Ltd	1	Granted
Juglah Dome Project Located 60km SE of Kalgoorlie, WA			
E25/585	Western Copper Pty Ltd		Under application
Fairwater Nickel Project Located 220km SE of Kalgoorlie, WA			
E63/1665	Pioneer / National Minerals Pty Ltd	10	Granted
E63/1714	Pioneer / National Minerals Pty Ltd	10	Under application
Pioneer Dome Project Located 133km SSE of Kalgoorlie, WA			
E15/1515	Pioneer Resources Limited		Granted
E15/1522	Pioneer Resources Limited		Granted
E15/1725	Pioneer Resources Limited		Under application
E63/1669	Pioneer Resources Limited		Granted
E63/1782	Pioneer Resources Limited		Granted
E63/1783	Pioneer Resources Limited		Granted
E63/1785	Pioneer Resources Limited		Granted
E63/1825	Pioneer Resources Limited		Granted
L63/77	Pioneer Resources Limited		Granted
M63/665	Pioneer Resources Limited		Granted
Kangan Lithium Project Located 80km S of Port Hedland, (Wodgina) WA			
E45/4948	Pioneer Resources Limited	19	Under application
E47/3318-I	Pioneer Resources Limited	15, 17	Granted
E47/3321-I	Pioneer Resources Limited	15, 17	Granted
E47/3945	Pioneer Resources Limited	19	Granted
Donnelly Lithium Project Located 15km SW of Greenbushes, WA			
E70/4826	Paul Winston Askins	12	Under application
E70/4829	Paul Winston Askins	12	Under application
Regional Projects, Located in WA			
E15/1710	Pioneer Resources Limited		Under application
E30/487	Pioneer Resources Limited		Granted
E63/1796	Pioneer Resources Limited		Granted
E30/509	Pioneer Resources Limited		Under application
E30/510	Pioneer Resources Limited		Under application
E27/575	Milford Resources Pty Ltd	18	Granted
E63/1959	Pioneer Resources Limited		Under application
Balagundi			
E27/558	Pioneer Resources Limited	19	Granted

Tenement Schedule (Consolidated Basis)			
Tenement	Holder	Notes	Status
Mavis Lake Project, Located 10km East of Dryden, Ontario, Canada			
4208712	International Lithium Corporation	13	Granted
4208713	International Lithium Corporation	13	Granted
4208714	International Lithium Corporation	13	Granted
4251131	International Lithium Corporation	13	Granted
4251132	International Lithium Corporation	13	Granted
4251133	International Lithium Corporation	13	Granted
4251134	International Lithium Corporation	13	Granted
4251135	International Lithium Corporation	13	Granted
4251136	International Lithium Corporation	13	Granted
4251137	International Lithium Corporation	13	Granted
4251138	International Lithium Corporation	13	Granted
4251139	International Lithium Corporation	13	Granted
4251140	International Lithium Corporation	13	Granted
K489140	International Lithium Corporation	13	Granted
K498288	International Lithium Corporation	13	Granted
K498289	International Lithium Corporation	13	Granted
K498290	International Lithium Corporation	13	Granted
K498292	International Lithium Corporation	13	Granted
Acra Gold Project Located 60km NE of Kalgoorlie, WA			
E27/278	Pioneer / Northern Star Resources Ltd	2, 8	Granted
E27/438	Pioneer / Northern Star Resources Ltd	2, 8	Granted
E27/491	Pioneer / Northern Star Resources Ltd	8	Granted
E27/520	Pioneer / Northern Star Resources Ltd	2, 8	Granted
E27/548	Pioneer / Northern Star Resources Ltd	8	Granted
E27/579	Pioneer / Northern Star Resources Ltd	2, 8	Granted
E28/1746	Pioneer / Northern Star Resources Ltd	2, 8	Granted
E28/2483	Pioneer / Northern Star Resources Ltd	8	Granted
Wattle Dam Nickel Project Located 65km S of Kalgoorlie, WA			
M15/1101	Maximus Resources Limited	3, 5	Granted
M15/1263	Maximus Resources Limited	3, 5	Granted
M15/1264	Maximus Resources Limited	3, 5	Granted
M15/1323	Maximus Resources Limited	3, 5	Granted
M15/1338	Maximus Resources Limited	3, 5	Granted
M15/1769	Maximus Resources Limited	3, 5	Granted
M15/1770	Maximus Resources Limited	3, 5	Granted
M15/1771	Maximus Resources Limited	3, 5	Granted
M15/1772	Maximus Resources Limited	3, 5	Granted
M15/1773	Maximus Resources Limited	3, 5	Granted
Larkinville Lithium, Nickel Project Located 75km S of Kalgoorlie, WA			
M15/1449	Pioneer / Maximus Resources Limited	6, 7	Granted
P15/5912	Pioneer / Maximus Resources Limited	6, 7	Granted
Maggie Hays Hill JV, Located 140km SE of Southern Cross			
E63/1784	Pioneer / Poseidon Nickel Limited	14	Granted
Ravensthorpe Copper-Gold Project Located 340km SW of Kalgoorlie, WA			
E74/311	ACH Minerals Pty Limited	9	Granted
E74/379-I	Galaxy Lithium Australia Limited	16	Granted
E74/399	Galaxy Lithium Australia Limited	16	Granted

Tenement Schedule (Consolidated Basis)			
Tenement	Holder	Notes	Status
E74/406	Galaxy Lithium Australia Limited	16	Granted
E74/486	ACH Minerals Pty Limited	9	Granted
E74/537	ACH Minerals Pty Limited	9	Granted
E74/558	ACH Minerals Pty Limited	9	Granted
E74/559	ACH Minerals Pty Limited	9	Granted
E74/560	ACH Minerals Pty Limited	9	Granted
M74/163	ACH Minerals Pty Limited	9	Granted
P74/349	ACH Minerals Pty Limited	9	Granted
Katanning Gold Project			
E70/5040	Ausgold Exploration Pty Ltd	20	Granted
E70/5042	Ausgold Exploration Pty Ltd	20	Granted
E70/5043	Ausgold Exploration Pty Ltd	20	Granted
E70/5044	Ausgold Exploration Pty Ltd	20	Granted

Note	
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
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	Acra JV Agreement Northern Star Resources Limited 75% interest. Pioneer 25% free carried interest
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	Subject to an Option Agreement with P Askins
13	Pioneer 51% joint Venture with International Lithium Corp. ("ILC") where ILC has 1.5% NST
14	Maggie Hays Lake JV Agreement: Poseidon Nickel Limited 80%, Pioneer 20% & free carried interest to commencement of mining.
15	FMG Pilbara Pty Ltd 1.5% NSR royalty
16	Ravensthorpe: Title and lithium/tantalum rights held by Galaxy Lithium Australia Limited. All other mineral rights held by ACH Minerals Pty Limited. Pioneer 1.5% NSR
17	Kangan Farmin Agreement: Novo Resources Corp. may earn a 70% Project Interest (excluding lithium and related minerals)
18	Cessna Dam JV Agreement. Pioneer may earn an 80% Interest. Milford 20% free carried interest.
19	Balagundi Farmin Agreement: Black Cat Syndicate Limited may earn a 75% Project interest.
20	Katanning Gold Project, 1.5% NSR