

Tuesday, 26 September 2010

## Pioneer Resources Limited (ASX: PIO)

### QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2010

#### HIGHLIGHTS

##### **Mt Jewell Gold Project – Drill programs to identify additional gold targets continue apace.**

- **RAB Drilling: 30,000m target development program 50% complete.**
  - 348 holes completed for 15,304m at Golden Cities North – Drilling is continuing.
  - Wild Dog Prospect becomes a new priority.
  - Criterion Prospect anomaly confirmed by infill drilling.
- **Auger Sampling: First pass geochemical appraisal in progress.**
  - Three areas totalling 686 sites or 25km<sup>2</sup> sampled. 100km<sup>2</sup> targeted for sampling.

##### **Golden Ridge Joint Venture – EM Surveys generate promising conductor anomalies.**

- Completion of a major program of EM surveys. Approximately 11km of prospective ultramafic surfaces were surveyed. Modelling of conductors is in progress.

##### **Acra Joint Venture Project – Milestone Achieved.**

- Xstrata Nickel Australasia has earned an 80% interest in the Acra Joint Venture Project.
- Expenditure to date has exceeded \$7.5 million. Pioneer continues to be free-carried with a 20% project interest.
- An EM survey covering the Jubilee West Prospect is complete and interpretation is in progress.

#### CORPORATE

##### **Two capital raising programs completed.**

- A placement of 37,856,712 ordinary shares at an issue price of 3 cents per share to professional and sophisticated investor clients of Patersons Securities. This raised \$1,135,701 (before expenses of the issue); and
- An issue of shares under a Share Purchase Plan to eligible Pioneer Shareholders totalling 83,713,424 ordinary shares at an issue price of 3 cents per share, which raised \$2,511,403 (before expenses of the issue).

Following these capital raising initiatives the Company has 400,614,885 ordinary shares on issue. At 30 September 2010 Pioneer had cash reserves of \$5.4 million and no debt.

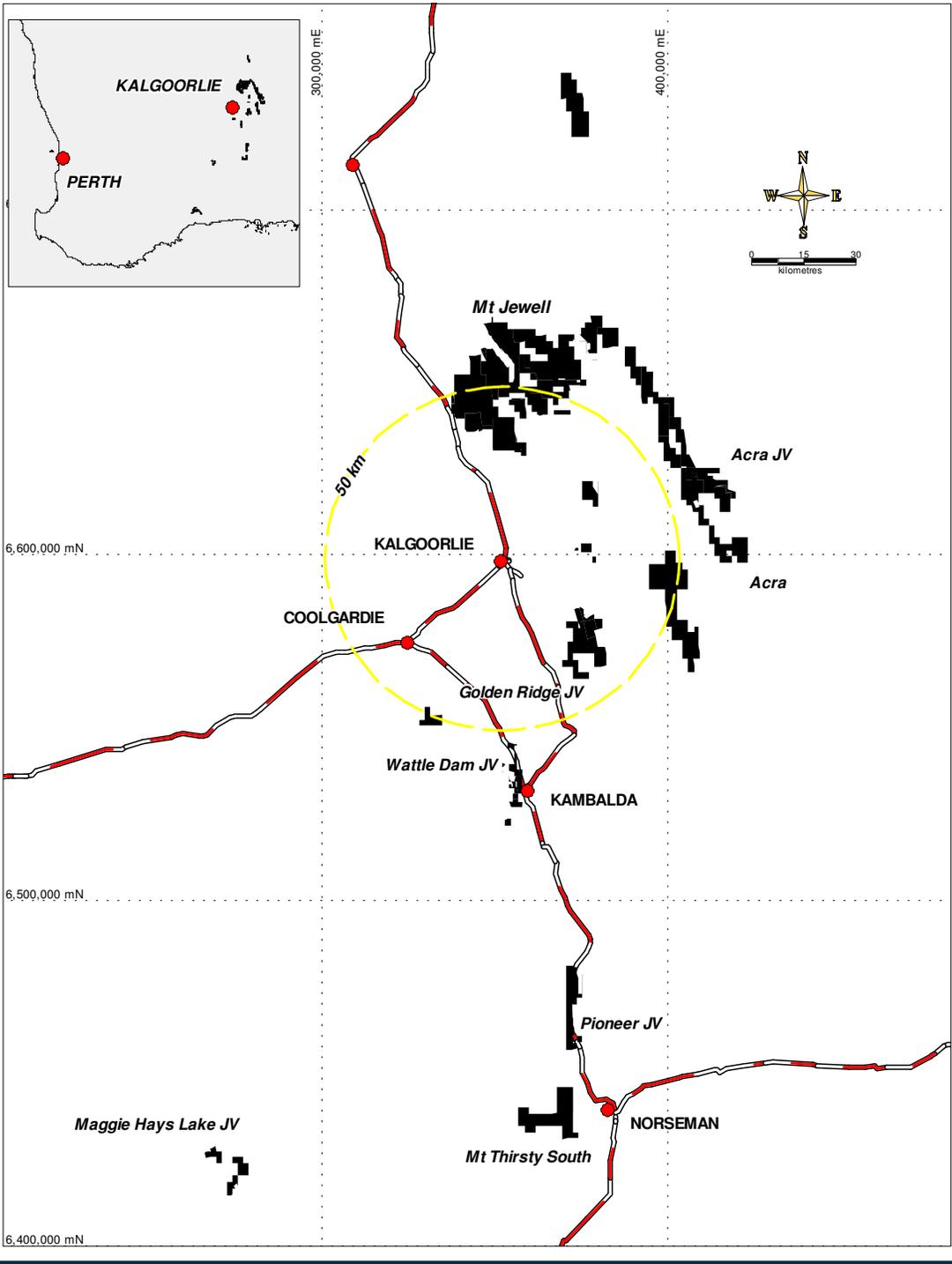


Figure 1: Tenement Location Plan

**EXPLORATION:**

**1. MT JEWELL GOLD PROJECT.**

*(Pioneer 100%).*

Having outlined two significant occurrences of gold at the Mt Jewell Gold Project – the Tregurtha and Hughes Prospects - the Company’s exploration strategy is to locate additional gold targets for Mineral Resource drilling.

Work completed during the quarter at the Mt Jewell Gold Project included:

- 348 RAB holes for 15,304m at the Grand, Criterion and other targets along the Golden Cities North Trend. This phase of target generation drilling is approximately 50% complete.
- 686 Auger soil geochemical sites sampled over an area of 25km<sup>2</sup>. This phase of anomaly generation work is approximately 25% complete.

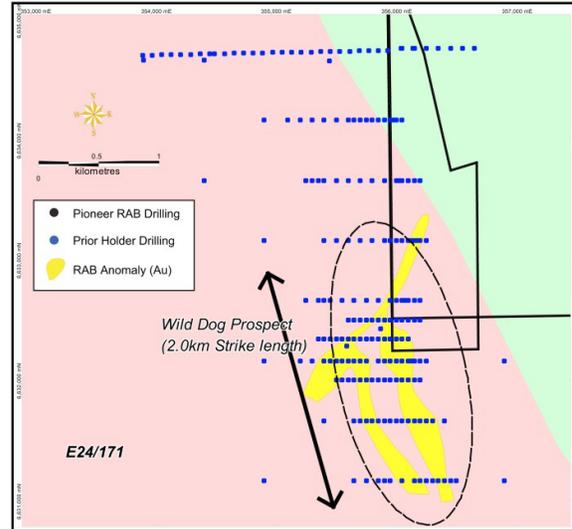
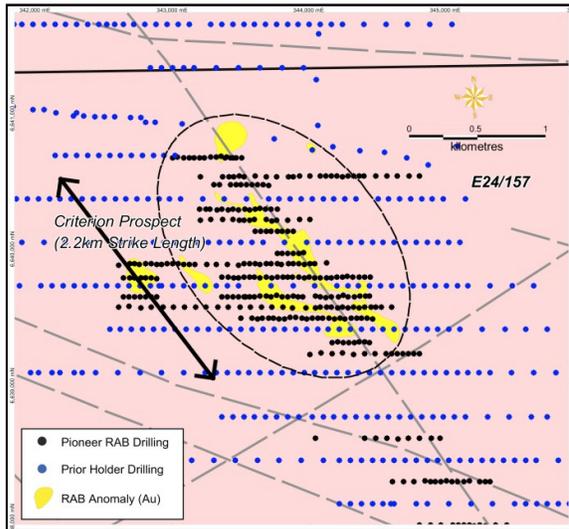


Figure 2a. Criterion Prospect.

Figure 2b. Wild Dog Prospect.

Figures 2a and 2b show the extent of anomalous gold results from RAB drilling at the Criterion and Wild Dog Prospects.

**OUTLOOK**

The Company has embarked on an expansive exploration program which will test a number of targets with potential for gold mineralisation. Pioneer’s geologists have identified at least 55 targets within the Mt Jewell tenement portfolio ranging from conceptual, to targets such as the Wild Dog, Pianto and Criterion Prospects where significant gold anomalism has already been located.

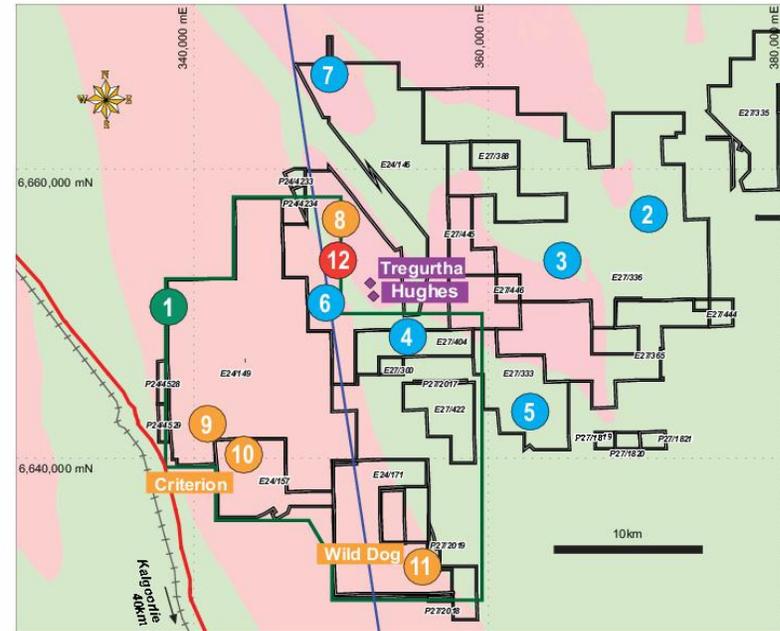
Progress has been substantial, with 4 work programs completed during the September 2010 quarter.

A remaining nine work programs will be completed during the December 2010 and March 2011 quarters. Planned work includes:

- 15,000 of RAB drilling;
- approximately 75km<sup>2</sup> of auger sampling (comprising approximately 2,500 sites); and
- RC and diamond drilling for the Tregurtha and Hughes Prospects. The next phase of Mineral Resource drilling is expected to be finalised during April 2011.

**Program summaries, the location of activities and a time table follow on page 4.**

Additional funds will be allocated to priority targets that emerge from this work.



Location	Ref.	Complete	Oct	Nov	Dec	Jan	Feb	Mar
Hughes and Tregurtha Mineral Resource drilling	◆							
Lignum Dam Trend (10 RC holes)	12							
Lignum Dam Trend (17,000m)	8							
Golden Cities North Trend (6,000m)	9							
Criterion RAB (2,000m)	10							
Wild Dog Aircore (5,000m)	11							
Hillsborough Auger (350 samples)	2							
Gindalbie Auger (500 samples)	3							
Rainbow Dam Auger (300 samples)	4							
SSNW Auger (350 samples)	5							
Golden Cities Regional Auger (1,300 samples)	6							
Haul Road Area Auger (300 samples)	7							
Low level aeromagnetic survey	1							

**2. GOLDEN RIDGE NICKEL JV PROJECT:**

*(Pioneer 56%, Australian Mines Limited 44%.)*

*Each Company contributes to exploration expenditure on a pro-rata basis.*

The Golden Ridge JV Project is located 30km SE of Kalgoorlie and is prospective for nickel sulphide deposits.

The joint venture completed a series of geophysical EM surveys which tested for the presence of conductive bodies which may include lenses of massive nickel sulphides.

Six prospective areas were surveyed. These included targets near the Blair Mine, at Anomalies 11 and 20SW (where disseminated nickeliferous sulphides occur) and new targets along the Central Ultramafic Unit.

Preliminary data imagery show's that a number of conductors have been detected, and comprehensive modelling of data is currently being undertaken by Southern Geoscience Consultants.

Selective drilling of conductors with the highest potential for massive nickel sulphides will follow during 2011.

**3. ACRA JOINT VENTURE PROJECT:**

*(Pioneer 20%, Xstrata Nickel Australasia Pty Ltd 80%.)*

*All exploration costs are fully funded by Xstrata Nickel Australasia.*

The Acra JV Project is located near Kurnalpi, approximately 65km NE of Kalgoorlie, WA.

During the quarter Xstrata Nickel Australasia notified Pioneer that it had exceeded its required expenditure to earn an 80% interest in the Acra Joint Venture Project.

The Joint Venture completed a surface geophysical EM survey that tested the 'Western Ultramafic Unit' at the Jubilee West Prospect. The survey was undertaken to provide improved target resolution for future drilling, and modelling is in progress. The joint venture recently reported a drilling intersection of **9.55m at 0.98% Ni and 362ppm Cu** from the Jubilee West Prospect.

An additional surface EM survey is planned for completion during the December 2010 quarter. This will test for conductive bodies which may include massive nickel sulphides NW along strike from the Jubilee West Prospect.

**4. MT THIRSTY SOUTH PROJECT:**

*(Pioneer 100%.)*

The Mt Thirsty South Project is located 150km S of Kalgoorlie, WA.

Pioneer's tenement neighbour, immediately to the north, previously reported that drilling intersected significant nickel mineralisation; the first in the area, which greatly enhanced the prospectivity of the Mt Thirsty District for a significant nickel sulphide discovery.

On receipt of environmental approvals, traverses of shallow drill holes will determine the prospectivity of ultramafic rocks extending on to Pioneer's tenements. Areas of favourable geology will be tested with an EM survey to locate conductors which may include massive nickel sulphides.

**5. PIONEER JOINT VENTURE PROJECT:**

*(Pioneer 20%, Panoramic Resources Limited 80%.)*

*All exploration costs are fully funded by Panoramic.*

The Pioneer Joint Venture Project is located 140km S of Kalgoorlie, WA.

Panoramic reports that it conducted a 'blanket' moving loop EM survey earlier this year covering known occurrences of ultramafic rocks. The survey detected a number of conductive bodies.

Four conductors with the highest potential for massive nickel sulphide mineralisation have been selected for drilling, scheduled for the March 2011 quarter.

## **ANNOUNCEMENTS:**

The following is a selection of announcements that may be accessed by activating the accompanying hyperlink.

### **TECHNICAL 23 July 2010**

Pioneer completes exploration agreements for its Ravensthorpe Project

### **TECHNICAL AND FINANCIAL REPORTS 13 October 2010**

2010 Technical and Financial Reports (web page)

### **CAPITAL RAISINGS 29 September 2010**

Pioneer completes \$1.1M Share Placement and \$2.5M Share Purchase Plan

Yours sincerely



### **Managing Director**

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#### **Glossary:**

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

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

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

“ppm” means 1 part per million by weight.

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

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

“Au” means gold.

“Cu” means copper.

“Ni” means nickel.

The information within this report as it relates to geology and mineralisation was compiled by Mr David Crook who is a full time employee of Pioneer Resources Limited, a member of The Australasian Institute of Mining and Metallurgy (member 105893) and is a Competent Person as defined by the 2004 JORC Code, having five years experience which is relevant to the style of mineralisation and type of deposit described in the Report. This person consents to the inclusion of this information in the form and context in which it appears in this report.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**PIONEER RESOURCES LIMITED**

ABN

**44 103 423 981**

Quarter ended ("current quarter")

**30 September 2010**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(513)	<b>(513)</b>
(b) development	-	-
(c) production	-	-
(d) administration	(222)	<b>(222)</b>
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	47	<b>47</b>
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Joint venture and other exploration funding	226	<b>226</b>
<b>Net Operating Cash Flows</b>	<b>(462)</b>	<b>(462)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(8)	<b>(8)</b>
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Tenement bonds refunded	-	-
<b>Net investing cash flows</b>	<b>(8)</b>	<b>(8)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(470)</b>	<b>(470)</b>

1.13	Total operating and investing cash flows (brought forward)	(470)	<b>(470)</b>
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from capital raisings etc.	4,573	<b>4,573</b>
1.15	Refund of oversubscriptions from capital raisings	(926)	<b>(926)</b>
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue costs	(68)	<b>(68)</b>
	<b>Net financing cash flows</b>	3,579	<b>3,579</b>
	<b>Net increase (decrease) in cash held</b>	3,109	<b>3,109</b>
1.20	Cash at beginning of quarter/year to date	2,337	<b>2,337</b>
1.21	Exchange rate adjustments to item 1.20	-	-
		<b>5,446</b>	<b>5,446</b>
1.22	<b>Cash at end of quarter</b>		

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

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	<b>\$105</b>
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

*Within item 1.2*  
(i) Managing Director and Non-Executive Directors' remuneration - \$105k

**Non-cash financing and investing activities**

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

NIL

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

NIL

## Financing facilities available

Add notes as necessary for an understanding of the position.

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

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	700
4.2 Development	-
4.3 Production	-
4.4 Administration	120
<b>Total</b>	<b>820</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	<b>28</b>	24
5.2 Deposits at call	<b>5,418</b>	2,313
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,446</b>	2,337

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E28/1866	Registered Holder	100%	0%
	E74/399	Registered Holder	100%	0% <sup>1</sup>
	E74/406	Registered Holder	100%	0% <sup>1</sup>
	M74/163	Registered Holder	100%	0% <sup>1</sup>
	P74/259	Registered Holder	100%	0% <sup>1</sup>
	P74/260	Registered Holder	100%	0% <sup>1</sup>
	P74/304	Registered Holder	100%	0% <sup>1</sup>
	P74/305	Registered Holder	100%	0% <sup>1</sup>
	P74/306	Registered Holder	100%	0% <sup>1</sup>

1. Separate royalty interests retained for Mn and Fe; and Cu, Au and other commodities.

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)	-	-	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	<b>400,614,885</b>	<b>400,614,885</b>	<b>Fully Paid</b>
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	121,570,136 -	121,570,136 3 cents per share	Fully paid
7.5	<b>*Convertible debt securities</b> (description)			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			



## Notes

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

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