

If lithium is the metal of the moment then Pioneer Resources has timed its run into the light metal with consummate timing.

By Stephen Bell

In early March Pioneer was diligently exploring three gold and nickel assets in Western Australia but failing to get much traction with investors.

A month-and-a-half later Pioneer has transformed into one of the more agile and asset-rich lithium players with a rapid-fire series of deals – starting with the exciting Mavis project in Canada and recently culminating with the acquisition of the Pioneer Dome project near Norseman in WA.

It means that investors in the Perth-based company will be treated to plenty of lithium-flavoured news in coming months.

Drilling at Mavis, an advanced lithium pegmatite exploration play boasting several excellent drill intercepts from 2012, is due to begin in June.

At Pioneer Dome, another lithium pegmatite prospect, a 4,000 sample soil geochemistry program is due to finish in May with drilling expected in the September 2016 quarter.

Shareholders can also look forward to exploration programs this year at the company's two other new WA lithium projects, Phillips River and Donnelly, alongside its promising gold and nickel ventures.

Pioneer managing director David Crook said the company recognised it had to move quickly into lithium, now recognised as a metal critical to emerging alternative energy sources.

Forecasts provided by Dudley Kingsnorth, a Professor at the Curtin School of Business and well-regarded local authority on the lithium market, suggest that demand for the metal this year will reach 160,000 tonnes from 5000t in 1990.

By the year 2020 demand may mushroom to 600,000t as new lithium battery factories come on line, Tesla power walls are commercialised and electric cars start rolling off assembly lines at an increasing frequency, the forecasts show.

“That would be nearly a four-fold increase in demand from now,” Crook told The Resources Roadhouse.

“Lithium is a little bit like aluminium a couple of decades ago: an unwanted commodity but all of a sudden they develop processing techniques and uses for it, so there is a step-change in demand.

“We are seeing that now in lithium with the battery technology.

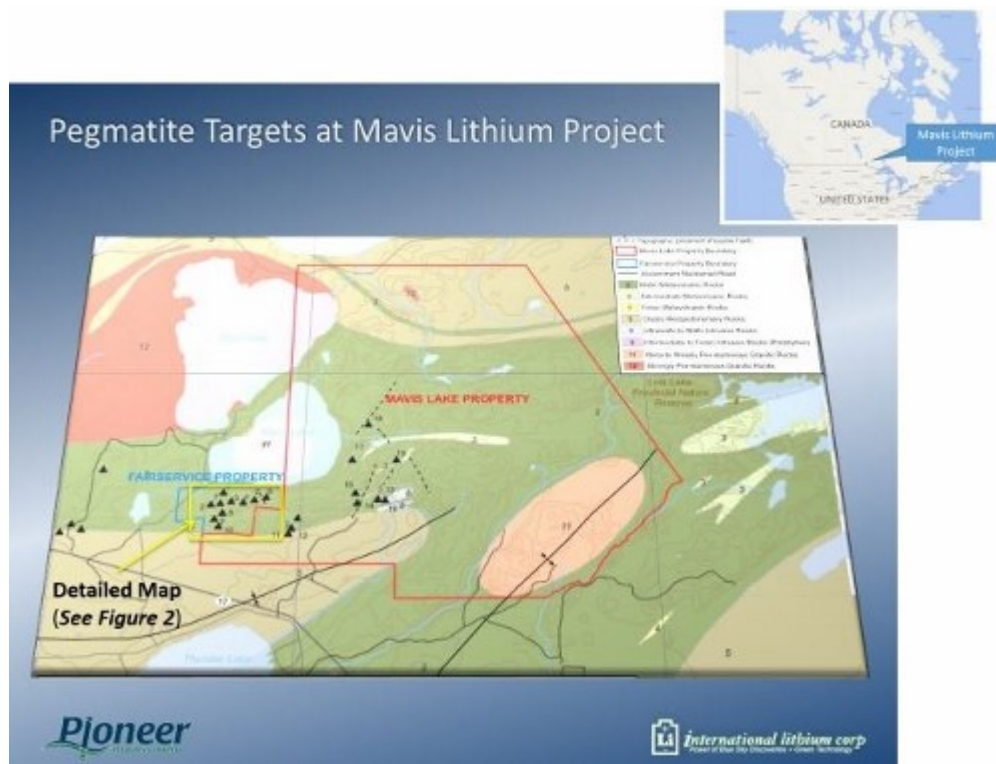
“That’s why we have made sure we are near the front of the pack in terms of those exploration companies rushing to capture the interest in lithium.”

Pioneer’s own step-change didn’t happen by accident.

While nickel and gold remained the priorities until early March, moves were afoot behind the scenes much earlier.

Wayne Spilsbury, a director of both Pioneer and Toronto-listed International Lithium Corp., had sniffed a change in the wind and realised the urgency of Pioneer getting into the lithium space before it became too crowded.

Spilsbury suggested Pioneer form a strategic alliance with International Lithium and its Mavis Lake project in south western Ontario, Canada.



“Through that introduction we entered into an option agreement on Mavis,” Crook said.

The deal, in which Pioneer will explore the project using ILC’s existing Canadian-based technical team, marked the start of a hefty market re-rating of Pioneer.

“The share price reacted very strongly to Mavis and as a consequence we raised \$1.6 million in a placement,” Crook continued.

“Based on that response we thought we’d better see what else was available from a lithium point of view.”

There followed a fast-paced acquisition spree, engineered by Pioneer’s team of consultants and technical staff who were able to sift through the flood of opportunities with practised eyes.

After announcing the Canadian entry on March 15 the company completed a blockbuster April, unveiling three new lithium projects: Phillips River in southern WA, Donnelly near Greenbushes, and Pioneer Dome last week.

But Mavis, covering 2,624 hectares near the town of Dryden and 300km from the Thunder Bay industrial centre, remains the most advanced exploration prospect.

Drilling by earlier explorers intersected complex spodumene-pegmatites with high lithium grades at the Fairservice and Mavis Lake prospects.

More recent drilling by ILC, during 2011 and 2012, returned very encouraging results, with 20 pegmatites identified to date in outcrop.

Individual outcrops vary in strike length from 11 metres to more than 240m, and range in thickness up to 12m.

Drilling included 6m at 2.53 per cent lithium oxide from 6m and 26.25m at 1.55 per cent lithium oxide from 152m (Fairservice) and 5.35m at 1.51 per cent lithium (Mavis Lake).

Pioneer may earn an initial 51 per cent interest through expending \$1.5 million within 3 years, with the ability to go to 80 per cent.

Crook plans to visit Mavis in mid-May to finalise the due diligence and get a sense of the geology prior to the field work commencing.

June is the targeted month, although the exact timing depends on the changeable spring weather.

“They’ve had some storms,” Crook said.

“You can work there either in the dead of winter when everything’s frozen, or in summer after everywhere has dried out.”

Pioneer has access to the prospects – about 9km off the bitumen - using forestry tracks.

“The general access is very good but, of course, not when the ground is slushy, Cook explained.

Once the rain and ice abate, there will be plenty of eyes watching the activity at Mavis, which is shaping as a potential game-changer for Pioneer.

On the home front, Crook rates the new pegmatite field at Pioneer Dome highly, but there is also plenty to like at the two less advanced prospects in Donnelly and Phillips River.

The latter was pegged by Pioneer about 100km east of the Mt Cattlin lithium mine near Ravensthorpe and is considered prospective for lithium spodumene-bearing pegmatites.

Geochemistry sourced from Geoscience Australia and roadside sampling by an earlier explorer has indicated two standout geochemical anomalies, with a number of others warranting further investigation.

Donnelly, which is also prospective for lithium pegmatites, extends between 12 and 60km from the world-class Greenbushes lithium mine with tenements covering approximately 220 square-kilometres, mostly in state forest.

Pioneer is currently negotiating with WA authorities on ‘non-ground disturbing’ access and an environmental management plan, but expects to use existing forestry tracks to collect samples from the laterite cover.

Gold, meanwhile, is still high on Pioneer’s agenda, despite the urgent requirements of lithium.

“We have a very good gold project in Acra which, up until the lithium story started, was our flagship and I’m still not dismissing it as being the leader going forward,” Crook said.

“Acra consists of a group of tenements in WA’s Easter Goldfields that have been warehoused since the nickel boom.

“Previous owner Xstrata collected gold geochemistry as a by-product of its hunt for nickel sulphides, so Pioneer acquired a 30,000-sample soil geochemical base along a 20km-long gold anomaly.

## Pioneer Resources Ltd. (ASX: PIO)

### ... **The Short Story**

HEAD OFFICE

21 Ord Street

West Perth WA 6005

Ph: (08) 9322 6974

Email: [pioneer@pioresources.com.au](mailto:pioneer@pioresources.com.au)

Web: [www.pioneerresources.com.au](http://www.pioneerresources.com.au)

DIRECTORS: Craig McGown, David Crook,  
Wayne Spilsbury, Allan Trench

### MAJOR SHAREHOLDERS

Lobster Beach Pty Ltd 3.3%

Xstrata Nickel Australasia Investments Pty Ltd 3.15%

*Wally Graham*



[www.resourcesroadhouse.com.au](http://www.resourcesroadhouse.com.au)

E: [wally@resourcesroadhouse.com.au](mailto:wally@resourcesroadhouse.com.au)

M: 0410 788 304

A: PO Box 1272,  
Subiaco WA 6904