PIONEER RESOURCES LIMITED

ABN 44 103 423 981

and its controlled entities

Interim Financial Report
for the
Half-Year ended 31 December 2019

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Pioneer Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

PIONEER RESOURCES LIMITED
ABN 44 103 423 981

and its controlled entities

CORPORATE DIRECTORY

DIRECTORS	Craig McGown *Independent Non-Executive Chairman* Allan Trench *Independent Non-Executive Director* Thomas Wayne Spilsbury *Independent Non-Executive Director* Paul Payne *Independent Non-Executive Director*
CHIEF EXECUTIVE OFFICER	Timothy Spencer
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@automoic.com.au
STOCK EXCHANGE LISTING	The Company's shares are quoted on the Australian Securities Exchange. The Home Exchange is Perth.
ASX CODE	PIO - ordinary shares

PIONEER RESOURCES LIMITED
ABN 44 103 423 981

and its controlled entities

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PIONEER RESOURCES LIMITED
and its controlled entities

DIRECTORS' REPORT

Your Directors present their report on the Group (referred to hereafter as the Group) consisting of Pioneer Resources Limited (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the half-year to 31 December 2019.

DIRECTORS

The Directors of the Company at any time during the half-year and up to the date of this report are set out below. Directors have been in office for this entire period unless otherwise stated.

Craig McGown (Non-executive Chairman)
Allan Trench (Non-executive Director)
Thomas Wayne Spilsbury (Non-executive Director)
Paul Payne (Non-executive Director – appointed 24 January 2020)
David Crook (Managing Director – resigned 24 January 2020)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year ended 31 December 2019 consisted of mineral exploration and mine operation in Western Australia and mineral exploration in Ontario, Canada.

There were no significant changes in the Group's activities during the half-year.

REVIEW OF OPERATIONS

The Group recorded a net profit of $1,473,403 for the half-year ended 31 December 2019, compared to a net loss of $1,154,247 for the comparative half-year ended 31 December 2018. The result for the half-year ended 31 December 2019 included exploration write-offs totalling $7,757 (half-year ended 31 December 2018: $198,286).

During the half-year the Group completed sales of the remaining crushed pollucite (caesium) ore (>8% caesium oxide) that had been mined and stockpiled in January 2019. Sales in the reporting period were $7,774,747 with cost of sales of $4,638,286. No sales were recorded during the comparative half-year ended 31 December 2018.

During the half-year ended 31 December 2019 the Group incurred $2,576,529 (year ended 30 June 2019: $1,847,231) on exploration and evaluation expenditure, of which $2,527,186 was capitalised. During the half-year ended 31 December 2019 the Group's exploration and evaluation efforts were focussed on:

- The Dome North Area of the Pioneer Dome Project in Western Australia, where lithium bearing spodumene outcrops were discovered in June 2019. The first drilling programmes was completed in September and a maiden JORC Inferred Resource Estimate of 8.2 million tonnes at 1.23% Li_2O was reported in November. A second drilling campaign was then completed in December to test more pegmatite targets and to obtain diamond drill hole core for metallurgical testwork to be conducted through the March and June quarters of 2020.
- Field work was also undertaken at various other Company projects, including the Blair – Gold Ridge Nickel Project in Western Australia.
- Gold Projects: Joint venture partners, Northern Star Resources Ltd, Novo Resources Corp and Black Cat Syndicate Limited, were active in the Acra, Kangan and Balagundi farmin and joint ventures, respectively.

The Group had positive net cash flows of $4,707,203 from operating activities for the half-year ended 31 December 2019, compared to negative net cash flows of $4,960,892 used in operating activities in the comparative half-year ended 31 December 2018. The Group's closing cash balance at 31 December 2019 was $5,186,094.

CAPITAL STRUCTURE

During the half-year ended 31 December 2019, 1,333,600 shares were issued as a result of the exercise of unlisted performance rights at a nil exercise price. There were no other movements in share capital. As at the date of this report, the Group had 1,508,758,765 fully paid ordinary shares on issue.

A total of 8,195,456 unlisted performance rights were issued during the half-year ended 31 December 2019. 50% of the granted performance rights are subject to a vesting condition, whereby the Absolute Total Shareholder Return (ATSR) must exceed 25%, measured as the increase in the beginning share price on 30 June 2019 and the ending share price on 31 December 2020. The remaining 50% of the granted performance rights are subject to a vesting condition based on Relative Total Shareholder Return (RTSR), whereby the Company's total shareholder return must be greater than the total shareholder returns of 70% of the 10 peer group of ASX listed companies selected by the Board (Peer Companies) over the performance period starting 1 July 2019 and ending 31 December 2020. The RTSR performance rights can only vest if the total shareholder return of the Company for the period 1 July 2019 to 31 December 2020 is positive.

DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2019.

EVENTS SUBSEQUENT TO BALANCE DATE

Timothy Spencer was appointed as Chief Executive Officer (CEO) of the Company, effective 24 January 2020. Outgoing Managing Director, David Crook, ceased his employment and directorship on the same date, receiving a payment in lieu of his six (6) month notice period, as well as accrued leave entitlements and other entitlements and benefits per the terms of his service agreement.

Timothy Spencer, as incoming CEO, was issued 15 million unlisted options and 5 million unlisted performance rights on 31 January 2020. The options have no vesting conditions; and are split into three (3) equal tranches with exercise prices of $0.025, $0.035 and $0.045 expiring 31 January 2024. The performance rights are in the form of zero priced options with a time-based employment vesting condition set at 21 December 2022 and expiring on 31 January 2024. Valuations of these performance rights and options issued are still in the process of being performed.

Paul Payne was appointed as an independent non-executive director of the Company, effective 24 January 2020.

In February 2020, an agreement was reached between the Company, the pollucite offtake buyer and a company associated with the buyer to purchase crushed material containing caesium oxide below the minimum grade specified in the existing offtake agreement. All costs of production have been allocated to high grade material sold prior to 31 December 2019. The sale of this low grade material, worth approximately $1 million, is expected to occur by the end of March 2020 with the final value being dependent on the final assays of samples collected during the shipping process.

Other than the events disclosed above, no event has arisen since 31 December 2019 that would be likely to materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of the Directors' Report for the half-year ended 31 December 2019.

This report is made and signed in accordance with a resolution of Directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Board of Directors

Craig McGown
Chairman

Perth, Western
Australia 10 March 2020

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

10 March 2020

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 review of the financial statements of Pioneer Resources Limited for the half-year ended 31 December 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

PEPink.

Penelope Pink
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

We have reviewed the accompanying half-year financial report of Pioneer Resources Limited (the "Company"), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pioneer Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pioneer Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pioneer Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Penelope Pink
Partner
Chartered Accountants
Perth, 10 March 2020

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Pioneer Resources Limited, we declare that:

In the opinion of the Directors:

1. The financial statements and notes of the Group are in accordance with the Corporations Act 2001 (Cth), including:
   a) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
   b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth); and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Board of Directors

Craig McGown
Chairman

Perth, Western Australia
10 March 2020

PIONEER RESOURCES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2019

	Note	31-Dec 2019 $	31-Dec 2018 $
Revenue from sale of goods	5(a)	**7,774,747**	-
Cost of sales	5(b)	**(4,638,286)**	(22,422)
Gross profit/(loss)		**3,136,461**	(22,422)
Mine royalty expenses		**(623,189)**	-
Exploration and evaluation expenses	9	**(57,100)**	(198,286)
Corporate and other expenses	5(c)	**(996,475)**	(1,370,534)
Other income		**-**	630,194
Operating profit/(loss)		**1,459,697**	(961,048)
Financial income		**30,049**	35,334
Financial expense	10	**(16,343)**	(228,533)
Profit/(loss) before income tax		**1,473,403**	(1,154,247)
Income tax		**-**	-
Net profit/(loss) for the period		**1,473,403**	(1,154,247)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of Investments		**166,392**	(258,509)
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		**981**	20,144
Total comprehensive income/(loss) for the period		**1,640,776**	(1,392,612)
Basic and diluted profit/(loss) per share attributable to ordinary equity holders		**0.0010**	(0.0008)

The accompanying notes form an integral part of these financial statements.

PIONEER RESOURCES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31-Dec 2019 $	30-Jun 2019 $
CURRENT ASSETS			
Cash and cash equivalents		**5,186,094**	2,712,885
Inventory		**-**	4,294,881
Trade and other receivables	6	**936,654**	75,609
Prepayments		**10,470**	114,448
TOTAL CURRENT ASSETS		**6,133,218**	7,197,823
NON-CURRENT ASSETS			
Investments	7	**472,097**	305,705
Plant, equipment and motor vehicles		**225,930**	111,725
Right-of-use assets	8	**309,937**	-
Capitalised mineral exploration	9	**12,918,478**	10,393,392
TOTAL NON-CURRENT ASSETS		**13,926,442**	10,810,822
TOTAL ASSETS		**20,059,660**	18,008,645
CURRENT LIABILITIES			
Trade and other payables		**1,080,436**	1,100,215
Provisions		**889,377**	806,075
Lease liabilities	10	**59,981**	-
TOTAL CURRENT LIABILITIES		**2,029,794**	1,906,290
NON-CURRENT LIABILITIES			
Lease liabilities	10	**257,894**	-
TOTAL NON-CURRENT LIABILITIES		**257,894**	-
TOTAL LIABILITIES		**2,287,688**	1,906,290
NET ASSETS		**17,771,972**	16,102,355
EQUITY			
Contributed equity	11	**41,183,671**	41,183,671
Reserves		**403,389**	207,175
Accumulated losses		**(23,815,088)**	(25,288,491)
TOTAL EQUITY		**17,771,972**	16,102,355

The accompanying notes form an integral part of these financial statements.

PIONEER RESOURCES LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2019

	Note	Contributed Equity $	Share Option Reserve $	Fair Value Other Comprehensive Income Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2019		41,183,671	308,765	(209,362)	107,772	(25,288,491)	16,102,355
Profit for the period		-	-	-	-	1,473,403	1,473,403
Other comprehensive income:							
Changes in fair value of Investments		-	-	166,392	-	-	166,392
Exchange differences on translation of foreign operations		-	-	-	981	-	981
TOTAL COMPREHENSIVE INCOME		-	-	166,392	981	1,473,403	1,640,776
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Share based payments	5(c)	-	28,841	-	-	-	28,841
BALANCE AT 31 December 2019		41,183,671	337,606	(42,970)	108,753	(23,815,088)	17,771,972
BALANCE AT 1 JULY 2018		39,999,171	794,282	58,637	32,850	(26,377,665)	14,507,275
Loss for the period		-	-	-	-	(1,154,247)	(1,154,247)
Other comprehensive loss:							
Changes in fair value of Investments		-	-	(258,509)	-	-	(258,509)
Exchange differences on translation of foreign operations		-	-	-	20,144	-	20,144
TOTAL COMPREHENSIVE LOSS		-	-	(258,509)	20,144	(1,154,247)	(1,392,612)
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)		122,500	-	-	-	-	122,500
Options exercised		4,000	-	-	-	-	4,000
Share based payments	5(c)	-	384,000	-	-	-	384,000
Transfer of lapsed options to accumulated losses		-	(740,841)	-	-	740,841	-
BALANCE AT 31 DECEMBER 2018		41,125,671	437,441	(199,872)	52,994	(26,791,071)	14,625,163

The accompanying notes form an integral part of these financial statements.

PIONEER RESOURCES LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2019

	31-Dec 2019 $	31-Dec 2018 $
Cash flows from operating activities		
Pollucite sale receipts	**6,958,639**	-
Interest received	**24,257**	81,398
Exploration and R&D incentives received	**-**	178,452
Payments to suppliers and employees for corporate and mining activities	**(2,275,693)**	(5,220,742)
Net cash flows from/(used in) operating activities	**4,707,203**	(4,960,892)
Cash flows from investing activities		
Payments for exploration and evaluation	**(2,033,555)**	(871,036)
Payments for plant and equipment	**(156,273)**	(34,465)
Signing fee from Novo Resources Corp. for Kangan JV	**-**	200,000
Net cash flows used in investing activities	**(2,189,828)**	(705,501)
Cash flows from financing activities		
Proceeds from the issue of shares	**-**	1,000,000
Proceeds from exercise of options	**-**	4,000
Proceeds from borrowings	**-**	6,572,641
Repayment of lease liabilities	**(44,166)**	-
Net cash flows (used in)/from financing activities	**(44,166)**	7,576,641
Net increase in cash and cash equivalents held	**2,473,209**	1,910,248
Cash and cash equivalents at the beginning of the half-year	**2,712,885**	2,771,507
Cash and cash equivalents at the end of the half-year	**5,186,094**	4,681,755

The accompanying notes form an integral part of these financial statements.

BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

1. Reporting entity and basis of preparation

Pioneer Resources Limited (Company) and its subsidiaries (the Group) are a for-profit group of entities incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). This condensed consolidated interim financial report as at and for the six months ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the Group). The nature of the operations and principal activities of the Group are described in the Directors' Report.

These interim financial statements have been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2019 and any public announcements made by Pioneer Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act, 2001. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial report.

This is the first set of the Group's financial statements in which AASB 16 *Leases* (AASB 16) has been applied. Changes to significant accounting policies are described in note 4.

The half-year report has been prepared on the accruals-basis and in accordance with the historical cost convention. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

2. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements by management in applying the Group's accounting policies and the key sources of estimation were the same as those described in the last annual financial statements, except for the new significant judgements related to lessee accounting under AASB 16, which are described in note 4.

3. New and revised Accounting Standards

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current half-year. Except for the adoption of AASB 16 the other new and revised Standards did not have a material effect on the Group's financial statements.

4. Changes in significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 30 June 2019 annual financial report, except for the accounting policy on leases described below which has changed as a result of the adoption of AASB 16*.*

The change in the accounting policy for leases is also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2020. The Group has initially adopted AASB 16 from 1 July 2019.

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group adopted the new standard using the modified retrospective approach, where the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 July 2019. The lease asset is measured as an amount equal to the lease liability. Under the transition method, prior period comparative financial statements are not required to be restated. The details of the changes in accounting policies are disclosed below.

Leases

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed. Therefore, the definition of a lease under AASB 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (as example certain office equipment). For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group presents lease liabilities as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies AASB 136 to determine whether a right-of-use asset is impaired and recognises the impairment loss in profit or loss.

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options, in which it is a lessee. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition (Group as lessee)

At transition, for leases previously classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at either:

- Their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of application; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

The impact of adopting AASB 16 on the 1 July 2019 transition date, using a weighted average discount rate of 10% in discounting the lease liabilities, was the recognition of a right-of-use asset and a corresponding lease liability of $345,699. Further disclosures are included in notes 8 and 10.

5a. REVENUE

	31-Dec 2019 $	31-Dec 2018 $
Revenue from contracts with customers	**7,774,747**	-

The Group derives its revenue from the sale of pollucite ore at a point in time.

5b. COST OF SALES

	31-Dec 2019 $	31-Dec 2018 $
Processing costs	**273,767**	-
Amortisation of mine development and rehabilitation asset	**69,638**	22,422
Change in inventory	**4,294,881**	-
	4,638,286	22,422

5c. CORPORATE AND OTHER EXPENSES

	31-Dec 2019 $	31-Dec 2018 $
Employee benefits expense (incl. director fees)	**570,840**	542,064
Share based payments expense	**28,841**	384,000
Other expenses	**396,794**	444,470
	996,475	1,370,534

6. TRADE AND OTHER RECEIVABLES

Current	**31-Dec 2019 $**	30-Jun 2019 $
Trade receivables	**837,953**	21,845
Other receivables	**98,701**	53,764
	936,654	**75,609**

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.

7. 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.

Non-current	**31-Dec 2019 $**	30-Jun 2019 $
Investments – Equity instruments		
Investments in listed entities	**472,097**	305,705

As a result of the re-measurement of the investments at 31 December 2019, a net gain of $166,392 was recognised during the half-year in other comprehensive income.

8. RIGHT-OF-USE ASSETS

Non-current	**31-Dec 2019 6 months movement**	30-Jun 2019 12 months movement
Right-of-use assets - property		
Cost		
Opening balance at 1 July	**-**	-
Recognised on transition to AASB 16	**345,699**	-
Closing balance	**345,699**	-
Accumulated depreciation		
Opening balance at 1 July	**-**	-
Depreciation charge for the period	**35,762**	-
Closing balance	**35,762**	-
Carrying amount – opening balance	**-**	-
Carrying amount – closing balance	**309,937**	-

The Group has a non-cancellable office operating lease for a three-year period up to 29 April 2021, including an option to extend the lease for an additional three years to 30 April 2024. The Group has recognised this lease based on the application of AASB 16. A maturity analysis in respect to this lease is included under the lease liability note 10.

Further to the above-mentioned lease the Group has two separate month-to-month rolling leases, equating to $4,500, in respect of houses located close to the Group's projects. These leases contain clauses where either the Company or the lessor can terminate the lease agreements on short notice and these leases are treated as short-term leases. The lease expenditure on these two leases are included as other expenses in the statement of profit or loss.

9. CAPITALISED MINERAL EXPLORATION

Non-current	**31-Dec 2019 6 months movement**	30-Jun 2019 12 months movement
Opening balance at 1 July	**10,393,192**	12,254,146
Expenditure for the period	**2,527,186**	1,847,231
R&D incentives received during the period	**-**	(370,379)
Foreign currency translation – Mavis Lake	**5,657**	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	**(7,757)**	(413,121)
	12,918,478	10,393,392

During the half-year ended 31 December 2019, the Group incurred exploration and evaluation expenditure of $2,576,529 (excluding foreign currency translation of $5,657), of which $2,527,186 was capitalised and $49,343 recognised as an exploration expense in the statement of profit or loss. Exploration write-downs of the capitalised mineral exploration assets for the half-year ended 31 December 2019 totalled $7,757. The total exploration expense recognised in the statement of profit or loss for the half-year was $57,100.

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

10. LEASE LIABILITIES

	31-Dec 2019 $	30-Jun 2019 $
Maturity analysis		
Year 1	**88,333**	-
Year 2	**88,333**	-
Year 3	**90,100**	-
Year 4	**92,800**	-
Year 5	**31,240**	-
	390,806	-
Less: unearned interest	**(72,931)**	-
	317,875	-
Analysed as:		
Non-current	**257,894**	
Current	**59,981**	-
	317,875	-

10. LEASE LIABILITES (cont'd)

The right-of-use asset to which the lease liability relates is disclosed under note 8. During the half-year ended 31 December 2019, the Group recognised $16,343 as lease liability interest expenses in the statement of profit or loss.

11. CONTRIBUTED EQUITY

(a) Issued Capital	**31-Dec 2019**	30-Jun 2019
	No. on issue	No. on issue
Ordinary shares	**1,508,758,765**	1,507,425,165
	$	$
Ordinary shares	**41,183,671**	41,183,671

During the half-year ended 31 December 2019, 1,333,600 shares were issued as a result of the exercise of unlisted performance rights at a nil exercise price.

No dividend has been declared or paid during the half-year ended 31 December 2019.

(b) Options/Performance Rights

There have been no options issued during the half-year ended 31 December 2019; and there have been no options that have been exercised or lapsed/expired during the period.

1,333,600 performance rights that vested at 30 June 2019 were exercised during the half-year ended 31 December 2019 at a nil exercise price.

A total of 8,195,456 unlisted performance rights were issued during the half-year ended 31 December 2019. 50% of the granted performance rights is subject to a vesting condition, whereby the Absolute Total Shareholder Return (ATSR) must exceed 25%, measured as the increase in the beginning share price on 30 June 2019 and the ending share price on 31 December 2020. The remaining 50% of the granted performance rights is subject to a vesting condition based on Relative Total Shareholder Return (RTSR), whereby the Company's total shareholder return must be greater than the total shareholder returns of 70% of the 10 peer group of ASX listed companies selected by the Board (Peer Companies) over the performance period starting 1 July 2019 and ending 31 December 2020. The RTSR performance rights can only vest if the total shareholder return of the Company for the period 1 July 2019 to 31 December 2020 is positive.

The performance rights will be measured over the performance period being 1 July 2019 to 31 December 2020. No amount is payable on the vesting of the performance rights. The fair value of the performance rights was estimated as at the date of grant using a Monte Carlo simulation model taking into account the terms and conditions upon which performance rights were granted as follows:

11. CONTRIBUTED EQUITY (cont'd)

Performance rights class	ATSR	RTSR
Underlying security share price at grant date	$0.014	$0.014
Exercise price	nil	nil
Grant date	14/10/2019	14/10/2019
Vesting date	31/12/2020	31/12/2020
Expiry date	14/10/2024	14/10/2024
Risk-free rate	0.77%	0.77%
Volatility	90%	90%
Dividend yield	nil	nil
Number of performance rights issued	4,097,728	4,097,728
Valuation per performance right	$0.010	$0.011
Value per performance right class	**$40,977**	**$45,075**

During the half-year ended 31 December 2019, the Group recognised a share-based payment expense of $28,841.

12. RELATED PARTIES

During the half-year ended 31 December 2019, performance rights were issued to the following Directors and Key Management Personnel:

	Grant Date	Number of Performance rights	Performance rights total value	Share Based Payments Jul –Dec19
			$	$
Management				
Timothy Spencer	14/10/2019	3,736,364	39,232	13,148

David Crook (Managing Director during the period) exercised 1,333,600 vested performance rights at nil exercise price during the half-year ended 31 December 2019.

Other than the Key Management Personnel stated above, there were no new related party transactions for the half-year ended 31 December 2019.

13. COMMITMENTS, CONTINGENT LIABILITIES AND ASSETS

Since the last reporting date of 30 June 2019, there has been no material change of any commitments, contingent liabilities or contingent assets.

14. SEGMENT INFORMATION

The Group operates predominantly in one segment involved in the mineral exploration and development industry. Geographically the Group 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:

Half-year ended 31 December 2019

	Australia	Canada	Total
	$	$	$
Revenue	7,774,747	-	7,774,747
Profit/(loss) before income tax	1,478,631	(5,228)	1,473,403
Income tax	-	-	-
Net profit/(loss) for the period	1,478,631	(5,228)	1,473,403
Segment assets	18,776,555	1,283,105	20,059,660
Segment liabilities	2,274,887	12,801	2,287,688

15. EVENTS SUBSEQUENT TO BALANCE DATE

Timothy Spencer was appointed as Chief Executive Officer (CEO) of the Company, effective 24 January 2020. Outgoing Managing Director, David Crook, ceased his employment and directorship on the same date, receiving a payment in lieu of his six (6) month notice period, as well as accrued leave entitlements and other entitlements and benefits per the terms of his service agreement.

Timothy Spencer, as incoming CEO, was issued 15 million unlisted options and 5 million unlisted performance rights on 31 January 2020. The options have no vesting conditions; and are split into three (3) equal tranches with exercise prices of $0.025, $0.035 and $0.045 expiring 31 January 2024. The performance rights are in the form of zero priced options with a time-based employment vesting condition set at 21 December 2022 and expiring on 31 January 2024. Valuations of these performance rights and options issued are still in the process of being performed.

Paul Payne was appointed as an independent non-executive director of the Company, effective 24 January 2020.

In February 2020, an agreement was reached between the Company, the pollucite offtake buyer and a company associated with the buyer to purchase crushed material containing caesium oxide below the minimum grade specified in the existing offtake agreement. All costs of production have been allocated to high grade material sold prior to 31 December 2019. The sale of this low grade material, worth approximately $1 million, is expected to occur by the end of March 2020 with the final value being dependent on the final assays of samples collected during the shipping process.

Other than the events disclosed above, no event has arisen since 31 December 2019 that would be likely to materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements.